

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

A Bill

HOUSE BILL 1374

5 By: Representative Matayo
6
7

For An Act To Be Entitled

9 AN ACT TO REVISE CERTAIN DEFINITIONS IN THE
10 PROVISIONS CONCERNING COMPUTING CAPITAL GAINS AND
11 LOSSES; AND FOR OTHER PURPOSES.
12

Subtitle

13 AN ACT TO REVISE CERTAIN DEFINITIONS IN
14 THE PROVISIONS CONCERNING COMPUTING
15 CAPITAL GAINS AND LOSSES.
16
17
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
20

21 SECTION 1. Arkansas Code § 26-51-815(d), concerning the definitions
22 for computing capital gains and losses, is amended to read as follows:

23 (d)(1) If a taxpayer has a net capital gain from a venture capital
24 investment, one hundred percent (100%) of the gain shall be exempt from the
25 Income Tax Act of 1929, § 26-51-101 et seq., if:

26 (A) The venture capital investment was initially made on
27 or after January 1, 2001; and

28 (B) The venture capital investment was held for at least
29 five (5) years prior to disposition.

30 (2)(A) "Venture capital" means equity financing, broadly
31 defined, including early stage research, development, commercialization, seed
32 capital for startup enterprises, and other risk capital for expansion of
33 entrepreneurial enterprises doing business in Arkansas that are qualified
34 technology-based enterprises doing business in Arkansas, qualified
35 biotechnology enterprises doing business in Arkansas, or qualified technology
36 incubator clients doing business in Arkansas.



1 (B) "Venture capital" does not include the purchase of a
 2 share of stock in a company if, on the date on which the share of stock is
 3 purchased, the company has securities outstanding that are:

4 (i) Registered on a national securities exchange
 5 under Section 12(b) of Title I of the Securities Exchange Act of 1934 as it
 6 exists on January 1, 2001;

7 (ii) Registered or required to be registered under
 8 Section 12(g) of Title I of the Securities Exchange Act of 1934 as it exists
 9 on January 1, 2001; or

10 (iii) Required to be registered except for the
 11 exemptions in Section 12(g)(2) of Title I of the Securities Exchange Act of
 12 1934 as it exists on January 1, 2001.

13 (C) "Qualified biotechnology enterprise" means a
 14 corporation, partnership, limited liability company, sole proprietorship, or
 15 other entity that is certified by the department pursuant to § 2-8-108.

16 (D) "Qualified technology incubator" means a business
 17 incubator certified by the Board of Directors of the Arkansas Science and
 18 Technology Authority as being a facility operated in cooperation with an
 19 Arkansas college or university to foster the growth of technology based
 20 enterprises;

21 ~~(D)~~(E) "Qualified technology incubator client" means a
 22 corporation, partnership, limited liability company, sole proprietorship, or
 23 other entity that, as of the date of the venture capital investment, is
 24 certified by ~~the University of Arkansas~~ an Arkansas college or university as
 25 currently receiving, or having received within the previous three (3) years,
 26 the services of ~~the GENESIS Technology Incubator at the University of~~
 27 ~~Arkansas~~ a qualified technology incubator.

28 ~~(E)~~(F) "Qualified technology-based enterprise" means a
 29 corporation, partnership, limited liability company, sole proprietorship, or
 30 other legal entity whose primary business directly involves ~~information~~
 31 ~~technology, nano technology, or emerging technology for energy such as micro-~~
 32 ~~turbines that is doing business in Arkansas~~ commercializing the results of
 33 research in fields having long term economic or commercial value to the state
 34 and have been identified in the research and development plan approved by the
 35 Board of Directors of the Arkansas Science and Technology Authority.