

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

A Bill

HOUSE BILL 1954

5 By: Representative King
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND ACT 182 OF 2003 TO PROVIDE THAT
10 BOTH FOR PROFIT AND NOT-FOR-PROFIT BUSINESSES
11 QUALIFY FOR ECONOMIC DEVELOPMENT INCENTIVES; TO
12 AMEND ARKANSAS CODE § 15-4-1704 TO CLARIFY THAT
13 IT APPLIES TO BOTH FOR PROFIT AND NOT-FOR PROFIT
14 BUSINESSES; AND FOR OTHER PURPOSES.

Subtitle

16 AN ACT TO PROVIDE THAT BOTH FOR PROFIT
17 AND NOT-FOR-PROFIT BUSINESSES QUALIFY
18 FOR ECONOMIC DEVELOPMENT INCENTIVES.
19
20
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 15-4-1704(b), is amended to read as
25 follows:

26 (b) A sales and use tax refund as provided for in subsection (a) of
27 this section shall be authorized for businesses engaged in commerce for
28 profit or not-for-profit, provided that the business is classified as one (1)
29 of the following types of businesses:

30 (1) Manufacturers classified in Standard Industrial
31 Classification codes 20-39, including semiconductor and microelectronic
32 manufacturers, that create one (1) or more net new full-time permanent jobs;

33 (2)(A) Computer businesses primarily engaged in providing
34 computer programming services; the design and development of prepackaged
35 software; businesses engaged in digital content production and digital
36 preservation; computer processing and data preparation services; information



1 retrieval services; and computer and data processing consultants and
2 developers.

3 (B) All businesses in this group must create five (5) or
4 more net new full-time permanent jobs after July 1, 2001, derive at least
5 seventy-five percent (75%) of their revenue from out-of-state sales, and have
6 no retail sales to the general public;

7 (3) Businesses primarily engaged in commercial physical and
8 biological research as classified by Standard Industrial Classification code
9 8731 that create one (1) or more net new full-time permanent jobs;

10 (4)(A) Businesses primarily engaged in motion picture production
11 that will create twenty-five (25) or more net new full-time permanent jobs.

12 (B) All businesses in this group must derive at least
13 sixty percent (60%) of their revenue from out-of-state sales and have no
14 retail sales to the general public;

15 (5) A distribution center with no retail sales to the general
16 public, unless seventy-five percent (75%) of the sales revenues are from out-
17 of-state customers, that creates twenty-five (25) or more net new full-time
18 permanent jobs;

19 (6) An office sector business with no retail sales to the
20 general public that creates twenty-five (25) or more net new full-time
21 permanent jobs;

22 (7) A corporate or regional headquarters with no retail sales to
23 the general public that creates twenty-five (25) or more net new full-time
24 permanent jobs;

25 (8) A trucking/distribution terminal as classified by Standard
26 Industrial Classification code 4231 with no retail sales to the general
27 public that creates twenty-five (25) or more net new full-time permanent
28 jobs; and

29 (9) A coal mining operation that employs twenty-five (25) or
30 more net full-time permanent persons.

31

32 SECTION 2. Arkansas Code § 15-4-2703(10), as added by Act 182 of 2003,
33 is amended to read as follows:

34 (10) "Eligible businesses" means non-retail businesses engaged in
35 commerce for profit or not-for-profit that meet the eligibility requirements
36 for the applicable incentive offered by this subchapter, and fall into one

1 (1) or more of the following categories:

2 (A) Manufacturers classified in sectors 31-33 in the North
3 American Industrial Classification System, as in effect January 1, 2003;

4 (B)(i) Businesses primarily engaged in the design and
5 development of prepackaged software, digital content production and
6 preservation, computer processing and data preparation services, or
7 information retrieval services.

8 (ii) All businesses in this group shall derive at least
9 seventy-five percent (75%) of their revenue from out-of-state sales; and

10 (C)(i) Businesses primarily engaged in motion picture
11 productions.

12 (ii) All businesses in this group shall derive at least
13 seventy-five percent (75%) of their revenue from out-of-state sales;

14 (D) A distribution center;

15 (E) An office sector business;

16 (F) A national or regional corporate headquarters;

17 (G) Firms primarily engaged in commercial, physical, and
18 biological research as classified in the North American Industrial
19 Classification System, as in effect January 1, 2003; and

20 (H)(i) Scientific and technical services business.

21 (ii)(a) All businesses in this group shall derive at least
22 seventy-five percent (75%) of their revenue from out-of-state sales; and

23 (b) The average hourly wages paid by businesses in
24 this group shall exceed one hundred fifty percent (150%) of the county or
25 state average hourly wage, whichever is less;

26

27 SECTION 3. Arkansas Code § 15-4-2703(21), as added by Act 182 of 2003,
28 is amended to read as follows:

29 (21) "Non-retail business" means a for profit business that derives
30 less than ten percent (10%) of its total Arkansas revenue from sales to the
31 general public or a not-for-profit business that derives less than ten
32 percent (10%) of its total revenue from sales to the general public;

33

34 SECTION 4. Arkansas Code § 15-4-2703, as added by Act 182 of 2003, is
35 amended to add an additional subdivision to read as follows:

36 (32)(A) "Not-for-profit business" means non-retail businesses engaged

1 in commerce not-for-profit.

2 (B) Businesses in this group may be not be churches or
3 institutions that regularly conduct religious services for the general public
4 on the premises; and

5 (C) All businesses in this group must derive at least seventy-
6 five percent (75%) of their revenue from out-of-state sales and
7 contributions.

8
9 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
10 General Assembly of the State of Arkansas that existing Arkansas not-for-
11 profit businesses must remain competitive in today's global economy; that the
12 tax incentive provided by this act is necessary to provide not-for-profit
13 businesses with the incentive to invest in Arkansas and hire Arkansans; that
14 other states compete with Arkansas for the location or expansion of not-for-
15 profit business activity and this incentive is also necessary to offer the
16 companies a business environment compatible with other states; that without
17 this incentive, not-for-profit companies considering locations or expansions
18 of their businesses may choose to locate in another state, depriving
19 Arkansans of these jobs and the economic benefit that the jobs bring to the
20 state; that the Constitution of the State of Arkansas prohibits the
21 appropriation of funds for more than a two (2) year period; that the
22 effectiveness of this act on July 1, 2003, is essential to the economic
23 incentives provided in this act; and that in the event of an extension of the
24 regular session, the delay in the effective date of this act beyond July 1,
25 2003, could work irreparable harm upon the proper administration and
26 provision of essential governmental programs. Therefore, an emergency is
27 declared to exist and this act being immediately necessary for the
28 preservation of the public peace, health, and safety shall become effective
29 on:

30 (1) The date of its approval by the Governor;

31 (2) If the bill is neither approved nor vetoed by the Governor, it
32 shall become effective on the expiration of the period of time during which
33 the Governor may veto the bill; or

34 (3) If the bill is vetoed by the Governor and the veto is overridden,
35 it shall become effective on the date the last house overrides the veto.

36