

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

SENATE BILL 366

5 By: Senators J. Bookout, Wooldridge, Bryles, Higginbothom, B. Johnson, Laverty
6 By: Representatives Cleveland, Clemons, Boyd, Jones, Gillespie, P. Bookout
7
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For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS CODE REGARDING THE
10 DEFINITIONS APPLICABLE TO THE INCENTIVES FOR
11 BIOTECHNOLOGY FACILITIES, BUSINESS ACTIVITIES,
12 AND RESEARCH; AND FOR OTHER PURPOSES.
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Subtitle

15 REGARDING THE DEFINITIONS APPLICABLE TO
16 THE INCENTIVES FOR BIOTECHNOLOGY
17 FACILITIES, BUSINESS ACTIVITIES, AND
18 RESEARCH.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 2-8-102, regarding the definitions
25 applicable to the tax credit for biotechnology facilities, business
26 activities, and research, is amended to read as follows:

27 2-8-102. Definitions.

28 For the purposes of this chapter:

29 (1) "Advanced biofuels" means:

30 (A) ethanol, Ethanol;

31 (B) methanol, Methanol; or

32 (C) any Any derivatives thereof, of ethanol or methanol

33 which are produced through biological means other than direct fermentation of
34 a food crop; or

35 (D) Biodiesel;

36 (2) "Advanced biofuels facilities" means the buildings and



1 equipment necessary to produce advanced biofuels;

2 (3) "Base year qualified research costs" means the costs of
3 qualified research for the 1996 tax year. For any new taxpayer or taxpayer
4 not required to file an Arkansas tax return in 1996, the base year qualified
5 research costs shall be zero dollars (\$0);

6 (4) "Biodiesel" means any liquid, other than gasoline, that is
7 derived in whole or in part from:

8 (A) Agricultural products;

9 (B) Animal fats;

10 (C) Waste from agricultural products;

11 (D) Waste from animal fats; or

12 (E) Fats;

13 ~~(4)~~(5) "Biomass" means any organic material, including solid
14 waste but excluding oil, natural gas, coal and lignite, or any other product
15 thereof;

16 ~~(5)~~(6) "Biotechnology" means the uses of biochemistry, molecular
17 biology, genetics, and bioengineering to meet the needs of agriculture,
18 aquaculture, forestry, energy, and environmental industries, as well as
19 developing products useful for modern medicine, veterinary science, and
20 pharmaceuticals;

21 ~~(6)~~(7) "Biotechnology facilities" means facilities and equipment
22 required to carry out qualified research;

23 ~~(7)~~(8) "Cost" means expenditures on or after the tax year
24 beginning January 1, 1997, and incurred after certification by the Director
25 of the Department of Economic Development that the company qualifies for
26 incentives under this chapter:

27 (A) In the case of biotechnology facilities and advanced
28 biofuels facilities, all activities and cost associated with site,
29 construction, expansion, improvement, renovation, or purchase of such
30 facilities, including costs incurred in the purchase and installation of
31 equipment, and support infrastructure;

32 (B) For the purpose of higher education partnerships,
33 costs and expenses of conducting qualified research through a cooperative
34 research project with one (1) or more state-supported institutions of higher
35 education in Arkansas for the conduct of qualified research;

36 (C)(i) For the purpose of training, costs shall be limited

1 to:

2 (a) A six-month period of training at the
3 facility; or

4 (b) The cost of tuition, books, and fees for a
5 program of secondary, undergraduate, or postgraduate education in an
6 accredited institution of higher learning.

7 (ii) The costs associated with subdivisions
8 (C)(i)(a) and (C)(i)(b) of this section eligible for the income tax credit
9 shall not include salaries and wages of the employees being trained.

10 (iii) Total costs for training shall not exceed ten
11 thousand dollars (\$10,000) per employee;

12 (D) In the case of transfer of title or finance lease, the
13 amount of the purchase price; or

14 (E) In the case of a lease which is not a finance lease
15 but which otherwise qualifies as a purchase under this section, the amount of
16 the lease payments due to be paid during the term of the lease after
17 deducting any portion of the lease payments attributable to interest,
18 insurance, and taxes;

19 ~~(8)~~(9) "Credit year" means the tax year in which costs are
20 incurred;

21 ~~(9)~~(10) "Finance lease" means a lease agreement which is treated
22 as a purchase by a lessee for Arkansas income tax purposes;

23 ~~(10)~~(11) "Higher education partnerships" means any cooperative
24 research project defined by terms of a written agreement whereby companies
25 engaged in the business of biotechnology contract with state-supported
26 institutions of higher learning in Arkansas for the conduct of qualified
27 research;

28 ~~(11)~~(12) "Intellectual property" means patents, trade secrets,
29 copyrights, and trademarks used in biotechnology;

30 ~~(12)~~(13) "Purchase" means a transaction under which title to an
31 item is transferred for consideration or a lease contract for a period of at
32 least three (3) years regardless of whether title to the item is transferred
33 at the end of such period;

34 ~~(13)~~(14)(A)(i) "Qualified research" means scientific research
35 and development in the field of biotechnology, including experimental or
36 laboratory activity to develop new products, improve existing products, or

1 develop new uses of products, but only to the extent that activity is
 2 conducted in Arkansas or is required by federal authorities to be conducted
 3 elsewhere.

4 (ii) Qualified research shall be performed primarily
 5 under laboratory, clinical, or field experimental conditions for the purpose
 6 of reducing a concept or idea to practice, or to advance a concept or idea or
 7 improvement thereon to the point of practical application.

8 (B) Qualified research does not include tests or
 9 inspection of materials or products for quality control, efficiency surveys,
 10 management studies, other market research, or any other ordinary and
 11 necessary expenses of conducting business;

12 ~~(14)~~(15) "Solid waste" means any garbage, or sludge from a
 13 wastewater treatment plant, water supply treatment plant, or air pollution
 14 control facility, and other discarded material, including solid, liquid,
 15 semisolid, or contained gaseous material resulting from industrial,
 16 commercial, mining, agricultural, residential, and other community
 17 activities, but does not include solid or dissolved materials in domestic
 18 sewage, or solid or dissolved materials in irrigation return flows or
 19 industrial discharges that are point sources subject to permit under 33
 20 U.S.C. § 1342, or source, special nuclear, or by-product materials as defined
 21 by the Atomic Energy Act of 1954, 42 U.S.C. § 2011 et seq.; and

22 ~~(15)~~(16) "Training" means employer-paid training within Arkansas
 23 that is necessary to prepare employees for work in biotechnology.

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 25 SECTION 2. This act applies to tax years beginning on or after January
 26 1, 2003.