

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

# A Bill

SENATE BILL 395

4  
5 By: Senator Gullett  
6 By: Representative P. Bookout

## For An Act To Be Entitled

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8  
9 AN ACT TO PROVIDE THE EMPLOYEE TUITION  
10 REIMBURSEMENT TAX CREDIT TO BUSINESSES THAT  
11 ASSIST THEIR EMPLOYEES WITH TUITION THROUGH MEANS  
12 OTHER THAN REIMBURSEMENT; AND FOR OTHER PURPOSES.  
13

## Subtitle

14  
15 TO PROVIDE THE EMPLOYEE TUITION  
16 REIMBURSEMENT TAX CREDIT THROUGH MEANS  
17 OTHER THAN REIMBURSEMENT.  
18

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

22  
23 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 19 is  
24 amended to read as follows:

25 26-51-1901. Legislative intent.

26 It is recognized that the reimbursement or payment by an employer of or  
27 for tuition ~~paid by the~~ for employee ~~for~~ training or courses that aid in  
28 improving job skills is in the best interest of the state. Increasing the  
29 skills and abilities of the workforce allows Arkansas to compete for jobs  
30 that require specialized knowledge and talent not available in sufficient  
31 supply. In order to reward those employers who subsidize educational  
32 opportunities for their employees and to encourage other employers to make  
33 such benefits available to their employees, it is necessary to create an  
34 incentive.

35  
36 26-51-1902. Creation of tax incentive.



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1           (a) There shall be allowed a credit against the income tax imposed by  
 2 the Income Tax Act of 1929, as amended, § 26-51-101 et seq., equal to thirty  
 3 percent (30%) of the cost of tuition reimbursed or paid by an employer ~~to a~~  
 4 on behalf of a full-time, permanent employee for the cost of tuition, books,  
 5 and fees for a program of undergraduate or post-graduate education from an  
 6 accredited institution of post-secondary education located in Arkansas.

7           (b) To qualify for this incentive, the employer must document that the  
 8 employee has successfully completed the course.

9           (c) The incentive authorized by this section shall not exceed twenty-  
 10 five percent (25%) of a business' income tax liability in any year.

11  
 12           26-51-1903. Eligibility.

13           ~~The following types of businesses are eligible for the tax benefit~~  
 14 ~~provided by subsection (b) of this section:~~

15           ~~(1) Manufacturers classified in federal Standard Industrial~~  
 16 ~~Classification codes 20-39, including semiconductor and microelectronic~~  
 17 ~~manufacturers;~~

18           ~~(2) Computer businesses primarily engaged in providing computer~~  
 19 ~~programming services; the design and development of prepackaged software;~~  
 20 ~~businesses engaged in digital content production and digital preservation;~~  
 21 ~~computer processing and data preparation services; information retrieval~~  
 22 ~~services; and computer and data processing consultants and developers which~~  
 23 ~~derive at least sixty percent (60%) of their revenue from out of state sales~~  
 24 ~~and have no retail sales to the general public;~~

25           ~~(3) Businesses primarily engaged in commercial physical and~~  
 26 ~~biological research as classified by Standard Industrial Classification code~~  
 27 ~~8731;~~

28           ~~(4) Businesses primarily engaged in motion picture production~~  
 29 ~~which derive at least sixty percent (60%) of their revenue from out of state~~  
 30 ~~sales and have no retail sales to the general public;~~

31           ~~(5) A distribution center with no retail sales to the general~~  
 32 ~~public;~~

33           ~~(6) An office sector business with no retail sales to the~~  
 34 ~~general public;~~

35           ~~(7) A corporate or regional headquarters with no retail sales to~~  
 36 ~~the general public; and~~

1           ~~(8) A trucking/distribution terminal, as classified by Standard~~  
2 ~~Industrial Classification code 4231, with no retail sales to the general~~  
3 ~~public.~~

4           The following types of businesses are eligible for the tax  
5 benefit provided by § 26-51-1902:

6           (1) Manufacturers classified in sectors 31 through 33 in the North  
7 American Industrial Classification System as in effect on January 1, 2003;

8           (2)(A) Businesses primarily engaged in the following:

9                   (i) The design and development of prepackaged software;

10                   (ii) Digital content production and preservation;

11                   (iii) Computer processing and data preparation services;

12 and

13                   (iv) Information retrieval services.

14           (B) All businesses under subdivision (2)(A) of this section must  
15 derive at least seventy-five percent (75%) of their revenue from out-of-state  
16 sales and have no retail sales to the general public;

17           (3)(A) Businesses primarily engaged in motion picture productions.

18           (B) All businesses under subdivision (3)(A) must derive at least  
19 seventy-five percent (75%) of their revenue from out-of-state sales and have  
20 no retail sales to the general public;

21           (4) A distribution center for the reception, storage or shipping of:

22                   (A) A business' own product or products that the business  
23 wholesales to retail businesses or ships to its own retail outlets;

24                   (B) Products owned by other companies with which the business  
25 has contracts for storage and shipping if seventy-five percent (75%) of the  
26 sales revenues are from out-of-state customers; or

27                   (C) Products for sale to the general public if seventy-five  
28 percent (75%) of the sales revenues are from out-of-state customers;

29           (5) An office sector business with no retail sales to the general  
30 public; and

31           (6) A national or regional corporate headquarters with no retail sales  
32 to the general public.

33  
34           SECTION 2. This act shall apply to tax years beginning on or after  
35 January 1, 2003.