

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

Call Item 6

A Bill

SENATE BILL 80

5 By: Senators Salmon, Higginbothom
6
7

For An Act To Be Entitled

9 AN ACT TO INCREASE THE CORPORATE FRANCHISE TAX;
10 AND FOR OTHER PURPOSES.
11

Subtitle

12 INCREASES THE CORPORATE FRANCHISE TAX.
13
14

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
16

17 SECTION 1. Arkansas Code § 26-54-104 is amended to read as follows:
18 26-54-104. Annual franchise tax.

19 ~~(a)~~ Every corporation shall file an annual franchise tax report and
20 pay an annual franchise tax, unless exempted under § 26-54-105, as follows:

21 (1) Each life, fire, accident, surety, liability, steam boiler,
22 tornado, health, or other kind of insurance company of whatever nature,
23 having an outstanding capital stock of less than five hundred thousand
24 dollars (\$500,000) shall pay ~~one hundred dollars (\$100)~~ three hundred dollars
25 (\$300). Each such company having an outstanding capital stock of five
26 hundred thousand dollars (\$500,000) or more shall pay ~~two hundred dollars~~
27 ~~(\$200)~~ four hundred dollars (\$400);

28 (2) Each legal reserve mutual insurance corporation having
29 assets of less than one hundred million dollars (\$100,000,000) shall pay ~~one~~
30 ~~hundred dollars (\$100)~~ three hundred dollars (\$300). Each such corporation
31 having assets of one hundred million dollars (\$100,000,000) or more shall pay
32 ~~two hundred dollars (\$200)~~ four hundred dollars (\$400);

33 (3) Each mutual assessment insurance corporation shall pay ~~one~~
34 ~~hundred dollars (\$100)~~ three hundred dollars (\$300);

35 (4) Each mortgage loan corporation shall pay an amount
36 equivalent to ~~twenty-seven one hundredths of one percent (0.27%)~~ three-tenths



1 of one percent (0.3%) of that proportion of the par value of its outstanding
 2 capital stock that its aggregate outstanding loans made in the State of
 3 Arkansas bears to the total aggregate outstanding loans made in all states.
 4 No corporation shall pay an annual tax of less than ~~one hundred dollars~~
 5 ~~(\$100)~~ three hundred dollars (\$300) ~~nor more than one million seventy five~~
 6 ~~thousand dollars (\$1,075,000);~~

7 (5) Each corporation, other than those in subdivisions (2)-(4)
 8 of this section, without authorized capital stock shall pay ~~one hundred~~
 9 ~~dollars (\$100)~~ three hundred dollars (\$300);

10 (6) Each corporation, other than those in subdivisions (1)-(5)
 11 of this section, shall pay an amount equivalent to ~~twenty seven one-~~
 12 ~~hundredths of one percent (0.27%)~~ three-tenths of one percent (0.3%) of that
 13 proportion of the par value of its outstanding capital stock that the value
 14 of its real and personal property in the State of Arkansas bears to the total
 15 value of the real and personal property of the corporation. No corporation
 16 shall pay an annual tax of less than ~~fifty dollars (\$50.00)~~ two hundred fifty
 17 dollars (\$250) ~~nor more than one million seventy five thousand dollars~~
 18 ~~(\$1,075,000);~~

19 (7) Each corporation, actually and actively in the process of
 20 liquidation and which does not rent or lease its property but which retains
 21 its corporate charter or authority for the sole purpose of winding up its
 22 affairs, shall pay an annual tax as provided in subdivision (6) of this
 23 section or an amount equivalent to ~~twenty seven one hundredths of one percent~~
 24 ~~(0.27%)~~ three-tenths of one percent (0.3%) of the value of its real and
 25 tangible personal property in Arkansas, whichever is smaller, but in no
 26 instance shall the tax be less than ~~fifty dollars (\$50.00)~~ two hundred fifty
 27 dollars (\$250) ~~nor more than one million seventy five thousand dollars~~
 28 ~~(\$1,075,000);~~

29 (8) Organizations formed pursuant to the Small Business Entity
 30 Tax Pass Through Act, § 4-32-101 et seq., shall pay the minimum franchise
 31 tax.

32 ~~(b)(1) In addition to the annual franchise taxes levied in subsection~~
 33 ~~(a) of this section, there is hereby levied a franchise tax of three dollars~~
 34 ~~(\$3.00) per year on each corporation required to report and remit franchise~~
 35 ~~taxes under that subsection. All revenues derived from the additional~~
 36 ~~franchise tax levied in subsection (a) of this section shall be deposited in~~

1 ~~the State Treasury as special revenues and shall be credited to the Voter~~
 2 ~~Registration Signature Imaging System Fund and shall be used exclusively for~~
 3 ~~acquiring and operating a voter registration signature imaging system in the~~
 4 ~~office of the Secretary of State.~~

5 ~~(2) There is hereby created on the books of the Treasurer of~~
 6 ~~State, the Auditor of State, and the Chief Fiscal Officer of the State a fund~~
 7 ~~to be known as the "Voter Registration Signature Imaging System Fund".~~

8
 9 SECTION 2. The increased rate of franchise tax provided in Section 1
 10 of this act shall be effective for calendar years beginning January 1, 2004.
 11 Taxes due for calendar years prior to 2004 shall remain due and payable at
 12 the rates in existence prior to the effective date of this act.

13
 14 SECTION 3. Effective July 1, 2005, Arkansas Code § 26-54-113 is
 15 amended to read as follows:

16 26-54-113. Disposition of funds.

17 (a) All taxes and penalties collected under the provisions of this
 18 chapter each month shall be ~~general revenues and shall be~~ deposited in the
 19 State Treasury to the credit of the Revenue Holding Fund Account of the State
 20 Apportionment Fund.

21 (b)(1) The State Treasurer, on or before the fifth day of the
 22 following month, shall allocate and transfer the taxes and penalties
 23 collected ~~to the various State Treasury funds participating in general~~
 24 ~~revenues in the respective proportions to each as provided by, and to be used~~
 25 ~~for the respective purposes set forth in the Revenue Stabilization Law of~~
 26 ~~Arkansas, § 19-5-101 et seq~~ to the General Revenue Fund Account of the State
 27 Apportionment Fund until a total of eight million dollars (\$8,000,000) has
 28 been transferred during a fiscal year.

29 (2) After the transfers required by subdivision (b)(1) of this
 30 section have been made, the taxes and penalties collected under this
 31 subchapter during the remainder of the fiscal year shall be special revenues
 32 and the Treasurer of State shall transfer the taxes and penalties collected
 33 to the Educational Adequacy Trust Fund after making the deductions required
 34 by § 19-5-203(b)(2).

35
 36 SECTION 4. (a) There is created on the books of the Treasurer of

1 State, the Auditor of State, and Chief Fiscal Officer of the State a special
 2 revenue fund to be known as the "Educational Adequacy Trust Fund".

3 (b) The Educational Adequacy Trust Fund shall consist of the revenues
 4 credited to the fund under Arkansas Code § 26-54-113(b)(2), and other
 5 revenues provided by law.

6 (c) On the last day of the month, the Treasurer of State shall
 7 transfer amounts available in the Educational Adequacy Trust Fund to the
 8 Department of Education Public School Fund Account established in Arkansas
 9 Code § 19-5-305, to be used for the purposes as provided by law. The
 10 Treasurer of State shall make the transfer after making the deductions
 11 required from the net special revenues as set out in Arkansas Code § 19-5-
 12 203(b)(2)(A).

13
 14 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
 15 General Assembly, that the provision of an equal opportunity for an adequate
 16 education to all the citizens of the state is imperative; that additional
 17 funds are immediately needed to provide an equal opportunity for an adequate
 18 education; that this act is designed to provide the additional revenues
 19 needed to provide this equal opportunity to all citizens; and that a delay in
 20 the effective date of this act will cause irreparable harm upon the provision
 21 of essential education opportunities and the proper administration of
 22 educational programs. Therefore, an emergency is declared to exist and this
 23 act being immediately necessary for the preservation of the public peace,
 24 health and safety shall be in full force and effect from and after the date
 25 of March 1, 2004.