

1 State of Arkansas
2 84th General Assembly
3 Second Extraordinary Session, 2003
4
5 By: Senators Salmon, Higginbothom
6
7

As Engrossed: S1/30/04
A Bill

Call Item 6

SENATE BILL 80

For An Act To Be Entitled

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

Subtitle

11 INCREASES THE CORPORATE FRANCHISE TAX.

12
13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
14

15 SECTION 1. Arkansas Code § 26-54-104 is amended to read as follows:
16
17 26-54-104. Annual franchise tax.

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

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. Arkansas Code § 26-54-105(c), concerning the filing of
15 franchise tax reports, is amended to read as follows:

16 (c)(1) Each corporation subject to the requirements of this chapter
17 shall file a franchise tax report with the Secretary of State which shows its
18 condition and status as of the close of business on December 31, ~~last~~
19 ~~preceding~~, of the preceding calendar year, and other information required by
20 the Secretary of State.

21 (2)(A) The franchise tax as computed on the report shall be
22 remitted with the franchise tax report on or before June 1 of the reporting
23 year for franchise tax due for calendar year 2003 and years prior to 2003.

24 (B) The franchise tax as computed on the report shall be
25 remitted with the franchise tax report on or before May 1 of the reporting
26 year for franchise tax due for calendar year 2004 and subsequent years.

27
28 SECTION 4. Effective July 1, 2004, Arkansas Code § 26-54-113 is
29 amended to read as follows:

30 26-54-113. Disposition of funds.

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

35 (b)(1) The State Treasurer, on or before the fifth day of the
36 following month, shall allocate and transfer the taxes and penalties

1 collected to the various State Treasury funds participating in general
2 revenues in the respective proportions to each as provided by, and to be used
3 for the respective purposes set forth in the Revenue Stabilization Law of
4 Arkansas, § 19-5-101 et seq to the General Revenue Fund Account of the State
5 Apportionment Fund until a total of eight million dollars (\$8,000,000) has
6 been transferred during a fiscal year.

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

13
14 SECTION 5. (a) There is created on the books of the Treasurer of
15 State, the Auditor of State, and Chief Fiscal Officer of the State a special
16 revenue fund to be known as the "Educational Adequacy Trust Fund".

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

20 (c) On the last day of the month, the Treasurer of State shall
21 transfer amounts available in the Educational Adequacy Trust Fund to the
22 Department of Education Public School Fund Account established in Arkansas
23 Code § 19-5-305, to be used for the purposes as provided by law. The
24 Treasurer of State shall make the transfer after making the deductions
25 required from the net special revenues as set out in Arkansas Code § 19-5-
26 203(b)(2)(A).

27
28 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
29 General Assembly, that the provision of an equal opportunity for an adequate
30 education to all the citizens of the state is imperative; that additional
31 funds are immediately needed to provide an equal opportunity for an adequate
32 education; that this act is designed to provide the additional revenues
33 needed to provide this equal opportunity to all citizens; and that a delay in
34 the effective date of this act will cause irreparable harm upon the provision
35 of essential education opportunities and the proper administration of
36 educational programs. Therefore, an emergency is declared to exist and this

1 act being immediately necessary for the preservation of the public peace,
2 health and safety shall be in full force and effect from and after the date
3 of March 1, 2004.

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/s/ Salmon