

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

As Engrossed: H3/28/13

A Bill

HOUSE BILL 1966

5 By: Representatives Carter, Collins
6 By: Senator J. Dismang
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAWS CONCERNING THE INCOME TAX ON
10 CAPITAL GAINS; AND FOR OTHER PURPOSES.
11

Subtitle

14 TO AMEND THE LAWS CONCERNING THE INCOME
15 TAX ON CAPITAL GAINS.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

20 *SECTION 1. Arkansas Code § 26-51-815(b), concerning the computation of*
21 *capital gains and losses, is amended to read as follows:*

22 *(b)(1) ~~If Except as otherwise provided in this subsection, if a~~*
23 *taxpayer has a net capital gain for tax years beginning on and after January*
24 *1, 1999, thirty percent (30%) of the gain ~~shall be~~ is exempt from state*
25 *income tax.*

26 *(2) If a taxpayer has a net capital gain from an investment:*

27 *(A) The amount of net capital gain up to five million*
28 *dollars (\$5,000,000) from an investment made before January 1, 2014, is*
29 *subject to income tax under subdivision (b)(1) of this section;*

30 *(B) Seventy percent (70%) of the amount of net capital*
31 *gain in excess of five million dollars (\$5,000,000) from an investment made*
32 *before January 1, 2014, is exempt from the state income tax; and*

33 *(C) The amount of net capital gain from an investment made*
34 *on or after January 1, 2014, is subject to income tax under subdivision*
35 *(b)(1) of this section unless subsection (e) of this section applies.*
36



1 SECTION 2. Arkansas Code § 26-51-815 is amended to add an additional
2 subsection to read as follows:

3 (e)(1) As used in subdivision (e)(2) of this section:

4 (A) "Arkansas property" means:

5 (i) Real property located entirely within this
6 state;

7 (ii) Tangible property located entirely within this
8 state for at least one (1) uninterrupted year before the date of the sale
9 from which the net capital gain arose;

10 (iii) Intangible property in a corporation, limited
11 liability company, partnership, or other legal entity that has its primary
12 headquarters located in this state for at least one (1) uninterrupted year
13 before the date of the sale from which the net capital gain arose; and

14 (iv) Stock or other ownership interest in a
15 corporation, limited liability company, partnership, or other legal entity
16 that has its primary headquarters located in this state for at least one (1)
17 uninterrupted year before the date of the sale from which the net capital
18 gain arose;

19 (B) "Directly" means the taxpayer has direct ownership of
20 the asset;

21 (C) "Indirectly" means the taxpayer owns an interest in a
22 pass-through entity or chain of pass-through entities that sells the asset
23 that gives rise to the net capital gain; and

24 (D) "Net capital gain" includes net capital gains of all
25 corporations, C corporations, limited liability companies, partnerships, or
26 other legal entities.

27 (2) If a taxpayer has a net capital gain from the sale of
28 Arkansas property, seventy percent (70%) of the net capital gain is exempt
29 from the Income Tax Act of 1929, § 26-51-101 et seq., if the Arkansas
30 property from which the net capital gain arose was:

31 (A) Acquired by the taxpayer on or after January 1, 2014;
32 and

33 (B) Owned directly or indirectly by the taxpayer for more
34 than one (1) uninterrupted year before the sale.

35 (3) The Director of the Department of Finance and Administration
36 shall promulgate rules to implement this subsection.

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*SECTION 3. EFFECTIVE DATE. This act is effective for tax years
beginning on or after January 1, 2014.*

/s/Carter