

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4
5 By: Senator J. Dismang
6

A Bill

SENATE BILL 480

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING THE CALCULATION OF
9 INCOME TAX DUE FOR NONRESIDENTS, PART-YEAR RESIDENTS,
10 AND PASS-THROUGH ENTITIES; TO AMEND THE INCOME TAX
11 LAWS TO ALLOW ALL TAXPAYERS TO RECEIVE A DOLLAR-FOR-
12 DOLLAR INCOME TAX CREDIT FROM ECONOMIC DEVELOPMENT
13 TAX CREDITS; AND FOR OTHER PURPOSES.
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Subtitle

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17 TO AMEND THE INCOME TAX LAWS TO ALLOW ALL
18 TAXPAYERS TO RECEIVE A DOLLAR-FOR-DOLLAR
19 INCOME TAX CREDIT FROM ECONOMIC
20 DEVELOPMENT TAX CREDITS.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 26-51-435(c)-(e), concerning the
26 computation of income tax for nonresidents and part-year residents, are
27 amended to read as follows:

28 (c) From the tax liability computed in subsection (b) of this section
29 there shall be deducted all allowable credits other than the tax credits
30 listed in subdivision (e)(2) of this section to determine the amount of tax
31 due.

32 (d)(1) Nonresidents shall divide adjusted gross income from Arkansas
33 sources by the adjusted gross income from all sources to arrive at the
34 applicable percentage that Arkansas adjusted gross income represents of all
35 adjusted gross income received by the taxpayer in the income year.

36 (2) Part-year residents shall divide adjusted gross income



1 received while an Arkansas resident by the adjusted gross income from all
2 sources to arrive at the applicable percentage that the adjusted gross income
3 received while an Arkansas resident represents of all adjusted gross income
4 received by the taxpayer in the income year.

5 (e) ~~Nonresidents~~ To determine the amount of income tax that shall be
6 paid to the State of Arkansas, nonresidents and part-year residents shall:
7 multiply

8 (1) Multiply the amount computed in subsection (c) of this
9 section by the applicable percentage from subsection (d) of this section ~~in~~
10 ~~order to determine the amount of income tax which must be paid to the State~~
11 ~~of Arkansas;~~ and

12 (2) Deduct the income tax credits allowed under the following
13 economic development programs, if any, from the amount calculated under
14 subdivision (e)(1) of this section:

15 (A) Advantage Arkansas, § 15-4-2705;

16 (B) The Affordable Neighborhood Housing Tax Credit Act of
17 1997, § 15-5-1301 et seq.;

18 (C) Apprenticeship program, § 26-51-509;

19 (D) The Arkansas Economic Development Act of 1995, § 15-4-
20 1901 et seq.;

21 (E) The Arkansas Enterprise Zone Act of 1993, § 15-4-1701
22 et seq.;

23 (F) The Arkansas Existing Workforce Training Act of 1995,
24 § 6-50-701 et seq.;

25 (G) The Arkansas Historic Rehabilitation Income Tax Credit
26 Act, § 26-51-2201 et seq.;

27 (H) The Arkansas Private Wetland and Riparian Zone
28 Creation, Restoration, and Conservation Tax Credits Act, § 26-51-1501 et
29 seq.;

30 (I) The Arkansas Public Roads Improvements Credit Act, §
31 15-4-2301 et seq.;

32 (J) The Arkansas Tourism Development Act, § 15-11-501 et
33 seq.;

34 (K) ArkPlus, § 15-4-2706(b);

35 (L) The Biodiesel Incentive Act, § 15-4-2801 et seq.;

36 (M) Coal mining, producing, and extracting credit, § 26-

1 51-511;

2 (N) Donation or sale of equipment to educational
3 institutions credit, § 26-51-1102(a);

4 (O) Employee tuition reimbursement credit, § 26-51-1901 et
5 seq.;

6 (P) Employer-provided childcare credit, § 26-51-508;

7 (Q) The Equity Investment Incentive Act of 2007, § 15-4-
8 3301 et seq.;

9 (R) The Family Savings Initiative Act, § 20-86-101 et
10 seq.;

11 (S) Low-income housing credit, § 26-51-1702;

12 (T) Qualified research expenditures credit, § 26-51-
13 1102(b);

14 (U) Research and development credits, § 15-4-2708;

15 (V) Research park authority credit, § 26-51-1102(c);

16 (W) Rice straw credit, § 26-51-512;

17 (X) Targeted business payroll credit, § 15-4-2709;

18 (Y) The Venture Capital Investment Act of 2001, § 15-5-
19 1401 et seq.;

20 (Z) Waste reduction, reuse, or recycling equipment credit,
21 § 26-51-506; and

22 (AA) The Water Resource Conservation and Development
23 Incentives Act, § 26-51-1001 et seq.

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25 SECTION 2. Arkansas Code § 26-51-919(d), concerning income tax
26 withholding for pass-through entities, is amended to add an additional
27 subdivision to read as follows:

28 (5) In calculating the tax due for a composite income tax
29 return, a pass-through entity may apply the income tax credits allowed under
30 the economic development programs listed in § 26-51-435(e)(2).

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32 SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective
33 for tax years beginning on or after January 1, 2020.