Stricken language would be deleted from and underlined language would be added to present law.

A Bill

DRAFT JLL/JLL
SENATE BILL

By: Senator <NA>

For An Act To Be Entitled
AN ACT TO REQUIRE REPORTING OF CERTAIN INFORMATION
RELATED TO TAXES; TO REQUIRE BIENNIAL REPORTS OF THE
EFFECT OF EXEMPTIONS, DISCOUNTS, EXCLUSIONS, CREDITS,
DEDUCTIONS, SPECIAL ACCOUNTING TREATMENTS, AND
SPECIAL RATES RELATING TO INCOME TAX AND SALES AND
USE TAX; AND FOR OTHER PURPOSES.

Subtitle
TO REQUIRE BIENNIAL REPORTS OF THE EFFECT
OF EXEMPTIONS, DISCOUNTS, EXCLUSIONS,
CREDITS, DEDUCTIONS, SPECIAL ACCOUNTING
TREATMENTS, AND SPECIAL RATES RELATING TO
INCOME TAX AND SALES AND USE TAX.

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

SECTION 1. Arkansas Code Title 26, Chapter 50, Subchapter 1, is
amended to add an additional section to read as follows:

26-50-103. Biennial report on certain state taxes.
(a) Before each regular session of the General Assembly, the Director
of the Department of Finance and Administration shall report to the
Legislative Council and the Governor on the effect of each exemption,
discount, exclusion, credit, deduction, special accounting treatment, or
special rate relating to state income tax and state sales and use tax.
(b)(1) In preparing the report required under subsection (a) of this
section, if actual data is not available, the director shall use available
statistical data to estimate the effect of each exemption, discount,
exclusion, credit, deduction, special accounting treatment, or special rate.

(2) If the director concludes that the effect of an exemption, discount, exclusion, credit, deduction, special accounting treatment, or special rate cannot be determined, the director shall include in the report a complete explanation of why the director reached that conclusion.

(c) The report required under subsection (a) of this section:

(1) Shall include:

(A) An analysis of each exemption, discount, exclusion, credit, deduction, special accounting treatment, and special rate that reduces the amount of tax payable, including without limitation:

(i) An estimate of the loss of revenue for a six-year period beginning with the fiscal year in which the report is submitted; and

(ii) A citation to the statutory or other legal authority for the exemption, discount, exclusion, credit, deduction, special accounting treatment, or special rate; and

(B) For an exemption, discount, exclusion, credit, deduction, special accounting treatment, or special rate that reduces revenue by more than one percent (1%) of the total revenue for the relevant tax, the effect of the exemption, discount, exclusion, credit, deduction, special accounting treatment, or special rate on:

(i) The distribution of the tax burden by:

(a) Income class; and

(b) Industry or business class; and

(ii) Total income by income class; and

(2) May include:

(A) An assessment of the intended purpose of each exemption, discount, exclusion, credit, deduction, special accounting treatment, and special rate and whether the exemption, discount, exclusion, credit, deduction, special accounting treatment, or special rate is achieving that purpose; and

(B) A recommendation for retaining, eliminating, or amending the law related to each exemption, discount, exclusion, credit, deduction, special accounting treatment, or special rate.

(d)(1) The director may request from any state officer or state agency information necessary to complete the report required under subsection (a) of
(2) Each state officer and state agency shall cooperate with the director in providing information or analysis for the report required under subsection (a) of this section.
State of Arkansas
92nd General Assembly
Regular Session, 2019

By: Senator <NA>

A Bill

For An Act To Be Entitled

AN ACT TO AMEND SALES TAX EXEMPTIONS; TO REPEAL
CERTAIN SALES TAX EXEMPTIONS FOR NAMED ENTITIES; TO
CREATE SALES TAX EXEMPTIONS FOR VARIOUS TYPES OF
ORGANIZATIONS; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND SALES TAX EXEMPTIONS; TO REPEAL
CERTAIN SALES TAX EXEMPTIONS FOR NAMED
ENTITIES; AND TO CREATE SALES TAX
EXEMPTIONS FOR VARIOUS TYPES OF
ORGANIZATIONS.

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

SECTION 1. Arkansas Code § 26-52-401(8)-(10), concerning various
products and services that are exempt from sales tax, are amended to read as
follows:

(8) Gross receipts or gross proceeds derived from sales of
tangible personal property, specified digital products, a digital code, or
services to the Boys & Girls Club of America a nonprofit patriotic society
for youth, including without limitation a youth group listed in Title 36 of
the United States Code, as it existed on January 1, 2019;

(9) Gross receipts or gross proceeds derived from sales of
tangible personal property, specified digital products, a digital code, or
services to the Poets' Roundtable of Arkansas a nonprofit organization
dedicated to the study or performance, or both, of the arts, including
without limitation poetry, theatre, dance, art, and music;

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(10) Gross receipts or gross proceeds derived from sales of tangible personal property, specified digital products, a digital code, or services to 4-H clubs and FFA clubs in this state, to the Arkansas 4-H Foundation, the Arkansas Future Farmers of America Foundation, and the Arkansas Future Farmers of America Association;

SECTION 2. Arkansas Code § 26-52-401(31), concerning various products and services that are exempt from sales tax, is amended to read as follows:

(31) Gross receipts or gross proceeds derived from sales of tangible personal property, specified digital products, a digital code, or services to Habitat for Humanity an international nonprofit organization dedicated to providing for or increasing access to property and services that address basic needs, including without limitation housing, food, and potable water;

SECTION 3. Arkansas Code § 26-52-401(33) and (34), concerning various products and services that are exempt from sales tax, are repealed.

(33) Gross receipts or gross proceeds derived from sales of tangible personal property, specified digital products, a digital code, or services to The Salvation Army;

(34) Gross receipts or gross proceeds derived from sales of tangible personal property, specified digital products, a digital code, and services to Heifer International, Inc.;

SECTION 4. Arkansas Code § 26-52-401(37), concerning various products and services that are exempt from sales tax, is repealed.

(37) Gross receipts or gross proceeds derived from sales of tangible personal property, specified digital products, a digital code, or services to the Arkansas Symphony Orchestra Society, Inc.;

SECTION 5. Arkansas Code § 26-52-401(39), concerning various products and services that are exempt from sales tax, is amended to read as follows:

(39) Gross receipts or gross proceeds derived from sales of tangible personal property, specified digital products, a digital code, or services to the Arkansas Black Hall of Fame Foundation, Inc. a nonprofit hall of fame established to honor current and former Arkansas residents.
SECTION 6. Arkansas Code § 26-52-424 is amended to read as follows:

26-52-424. Sales to Community Service Clearinghouse, Inc., of Fort Smith nonprofits providing comprehensive services for persons in need.

The gross receipts or gross proceeds derived from sales to the Community Service Clearinghouse, Inc., of Fort Smith a nonprofit organization that partners with local agencies and other nonprofit organizations to provide comprehensive assistance to individuals and families in need are hereafter exempt from:

(1) The Arkansas gross receipts tax levied by §§ 26-52-301, 26-52-302, and 26-63-402;

(2) The Arkansas compensating use tax levied by §§ 26-53-106 and 26-53-107; and

(3) All city and county sales and use taxes.

SECTION 7. Arkansas Code § 26-52-443 is amended to read as follows:

26-52-443. Exemption for American Search Dog Association, Inc. nonprofits that assist law enforcement and emergency personnel.

The gross receipts or gross proceeds from the sale of tangible personal property, specified digital products, a digital code, or a service to the American Search Dog Association, Inc., a nonprofit organization that is dedicated to assisting law enforcement and emergency personnel in their official duties are exempt from the gross receipts tax levied by this chapter and the compensating use tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

SECTION 8. EFFECTIVE DATE. Sections 1 through 7 of this act are effective on and after July 1, 2019.
State of Arkansas
92nd General Assembly
Regular Session, 2019

By: Senator <NA>

A Bill

For An Act To Be Entitled
AN ACT TO REDUCE THE INCOME TAX RATES FOR
CORPORATIONS; AND FOR OTHER PURPOSES.

Subtitle
TO REDUCE THE INCOME TAX RATES FOR
CORPORATIONS.

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

SECTION 1. Arkansas Code § 26-51-205(a) and (b), concerning the income
tax levied on corporations, is amended to read as follows:

(a)(1) Every corporation organized under the laws of this state shall
pay annually an income tax with respect to carrying on or doing business on
the entire net income of the corporation, as now defined by the laws of the
State of Arkansas, received by such the corporation during the income year,
on the following basis:

(A) On the first $3,000 three thousand dollars

(B) On the second $3,000 three thousand dollars ($3,000)

(C) On the next $5,000 five thousand dollars ($5,000) of

(D) On the next $14,000 fourteen thousand dollars

(E) On the next $75,000 seventy-five thousand dollars

one hundred thousand dollars ($100,000), six percent (6%); and

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(2) On net income exceeding one hundred thousand dollars ($100,000), a flat rate of six and one half percent (6.5%) shall be applied to the entire net income.

(2) For tax years beginning on or after January 1, 2019, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of the State of Arkansas, received by the corporation during the income year, on the following basis:

(A) On the first three thousand dollars ($3,000) of net income or any part thereof, one percent (1%);

(B) On the next three thousand dollars ($3,000) of net income or any part thereof, two percent (2%);

(C) On the next five thousand dollars ($5,000) of net income or any part thereof, three percent (3%);

(D) On the next fourteen thousand dollars ($14,000) of net income or any part thereof, five percent (5%);

(E) On the next seventy-five thousand dollars ($75,000) of net income or any part thereof, five and nine-tenths percent (5.9%); and

(F) On net income exceeding one hundred thousand dollars ($100,000), six and five-tenths percent (6.5%).

(3) The tax rate in subdivision (a)(2)(F) of this section shall be decreased [based on a plan determined by the Arkansas Tax Reform and Relief Legislative Task Force] until the rate is five and nine-tenths percent (5.9%).

(b)(1) Every foreign corporation doing business within the jurisdiction of this state shall pay annually an income tax on the proportion of its entire net income as now determined by the income tax laws of Arkansas, on the following basis:

(A) On the first three thousand dollars ($3,000) of net income or any part thereof, one percent (1%);

(B) On the second three thousand dollars ($3,000) of net income or any part thereof, two percent (2%);

(C) On the next five thousand dollars ($5,000) of net income or any part thereof, three percent (3%);

(D) On the next fourteen thousand dollars ($14,000)
($14,000) of net income or any part thereof 5½%, five percent (5½%);  

(E) On the next $75,000 seventy-five thousand dollars  
($75,000) of net income or any part thereof, but not exceeding $100,000 6½%  
one hundred thousand dollars ($100,000), six percent (6%); and  

(2) (F) On net income exceeding one hundred thousand  
dollars ($100,000), a flat rate of six and one-half percent (6 ½%) shall be  
applied to the entire net income six and five-tenths percent (6.5%).  

(2) For tax years beginning on or after January 1, 2019, every  
foreign corporation doing business within the jurisdiction of this state  
shall pay annually an income tax on the proportion of its entire net income  
as now determined by the income tax laws of Arkansas, on the following basis:  

(A) On the first three thousand dollars ($3,000) of net  
income or any part thereof, one percent (1%);  

(B) On the next three thousand dollars ($3,000) of net  
income or any part thereof, two percent (2%);  

(C) On the next five thousand dollars ($5,000) of net  
income or any part thereof, three percent (3%);  

(D) On the next fourteen thousand dollars ($14,000) of net  
income or any part thereof, five percent (5%);  

(E) On the next seventy-five thousand dollars ($75,000) of  
net income or any part thereof, five and nine-tenths percent (5.9%); and  

(F) On net income exceeding one hundred thousand dollars  
($100,000), six and five-tenths percent (6.5%).  

(3) The tax rate in subdivision (b)(2)(F) of this section shall  
be decreased [based on a plan determined by the Arkansas Tax Reform and  
Relief Legislative Task Force] until the rate is five and nine-tenths percent  
(5.9%).
A Bill

For An Act To Be Entitled

AN ACT TO PROVIDE FOR GUIDELINES AND PENALTIES RELATED TO ASSESSMENTS FOR PURPOSES OF PROPERTY TAXES; TO REQUIRE THE ASSESSMENT COORDINATION DEPARTMENT TO ESTABLISH MANDATORY GUIDELINES FOR COUNTIES RELATED TO THE ASSESSMENT OF BUSINESS INVENTORY AND PROPERTY THAT IS EXEMPT FROM AD VALOREM TAX; TO PROVIDE FOR PENALTIES FOR NONCOMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE ASSESSMENT COORDINATION DEPARTMENT; AND FOR OTHER PURPOSES.

Subtitle

TO PROVIDE FOR GUIDELINES AND PENALTIES RELATED TO ASSESSMENTS FOR PURPOSES OF PROPERTY TAXES; AND TO REQUIRE THE ASSESSMENT COORDINATION DEPARTMENT TO ESTABLISH MANDATORY GUIDELINES FOR COUNTIES RELATED TO THE ASSESSMENT.

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

SECTION 1. Arkansas Code Title 26, Chapter 26, Subchapter 11, is amended to add an additional section to read as follows:


(a) The Assessment Coordination Department shall:

(1) Establish mandatory guidelines for county assessors to follow in:

(A) Identifying property that is exempt from ad valorem
taxation; and

(B) Assessing business inventory;

(2) Adopt rules necessary for:

(A) The general guidance and assistance of county
assessors in identifying exempt property and assessing business inventory;

and

(B) Determining when a county is noncompliant with the
rules established by the department under this section;

(3) Confer with and assist county assessors in identifying
exempt property and assessing business inventory to ensure that all
assessments of property are just and uniform throughout the state;

(4) Prescribe any forms necessary to assist county assessors in
uniformly identifying exempt property and assessing business inventory;

(5) Monitor each county’s compliance with the rules established
by the department under this section; and

(6) As soon as is practicable, notify immediately the
Legislative Council or, if the General Assembly is in session, the Joint
Budget Committee, when a county is determined to be noncompliant with the
rules established by the department under this section.

(b) A county assessor shall:

(1) Assess property in accordance with the rules adopted by the
department; and

(2) Use only a form that is prescribed or approved by the
department to identify exempt property or assess business inventory.

(c) Upon receiving notification under subdivision (a)(6) of this
section, the Legislative Council or, if the General Assembly is in session,
the Joint Budget Committee, may recommend to the General Assembly that a
noncompliant county’s general revenue turnback funds, as defined in the
Revenue Stabilization Law, § 19-5-101 et seq., be reduced or withheld until
the county becomes compliant under this section.

SECTION 2. DO NOT CODIFY. Rules.

(a) When adopting the initial rules required under this act, the final
rules shall be filed with the Secretary of State for adoption under § 25-15-
204(f):

(1) On or before January 1, 2020; or
(2) If approval under § 10-3-309 has not occurred by January 1, 2020, as soon as practicable after approval under § 10-3-309.

(b) The Director of the Assessment Coordination Department shall file the proposed rules with the Legislative Council under § 10-3-309(c) sufficiently in advance of January 1, 2020, so that the Legislative Council may consider the rules for approval before January 1, 2020.
State of Arkansas
92nd General Assembly
Regular Session, 2019

By: Senator <NA>

A Bill

DRAFT JLL/JLL
SENATE BILL

For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS CORPORATE FRANCHISE TAX
ACT OF 1979; TO TRANSFER THE ADMINISTRATION AND
COLLECTION OF THE FRANCHISE TAX TO THE DEPARTMENT OF
FINANCE AND ADMINISTRATION; TO ELIMINATE THE
FRANCHISE TAX PENALTY ON CLOSED BUSINESSES; AND FOR
OTHER PURPOSES.

Subtitle

TO TRANSFER THE ADMINISTRATION AND
COLLECTION OF THE FRANCHISE TAX TO THE
DEPARTMENT OF FINANCE AND ADMINISTRATION;
AND TO ELIMINATE THE FRANCHISE TAX
PENALTY ON CLOSED BUSINESSES.

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

SECTION 1. Arkansas Code § 4-25-109(c), concerning a corporation
changing its state of incorporation, is amended to read as follows:

(c)(1) The change may be made by a foreign corporation by filing with
the Secretary of State:

(A) A certified copy of its original or restated articles
and all amendments subsequent to the latest restatement, which were filed in
the other jurisdiction;

(B) The original of a certificate of good standing from
the state of original jurisdiction, dated not more than thirty (30) days
earlier than the date of filing in this state;

(C) An application for incorporation pursuant to this

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section, signed for the corporation by its president or vice president and
its secretary or assistant secretary, and acknowledged by one (1) of the
signing officers, setting forth the requirements of § 4-27-202;
(D) A franchise tax contact sheet provided by the
Secretary of State Department of Finance and Administration; and
(E) A certificate by the Secretary of State or other
proper officer of the jurisdiction in which the corporation is incorporated,
reciting that the corporation has taken all action required under the laws of
the jurisdiction to become a corporation incorporated under the laws of this
state.

SECTION 2. Arkansas Code § 4-27-120(1), concerning the filing
requirements under the Arkansas Business Corporation Act of 1987, is amended
to read as follows:
(1) The document must be delivered to the office of the Secretary of
State for filing and must be accompanied by one (1) exact or conformed copy
(except as provided in §§ 4-27-503 and 4-27-1509 [repealed]), the correct
filing fee, and proof of payment of any franchise tax, license fee, or
penalty required by this chapter or other law.

SECTION 3. Arkansas Code § 4-27-121(a), concerning the forms
prescribed and furnished under the Arkansas Business Corporation Act of 1987,
is amended to read as follows:
(a) The Secretary of State may prescribe and furnish on request forms
for: (1) an application for a certificate of existence, (2) a foreign
corporation's application for a certificate of authority to transact business
in this state, and (3) a foreign corporation's application for a certificate
of withdrawal, and (4) the annual franchise tax report. If the Secretary of
State so requires, use of these forms is mandatory.

SECTION 4. Arkansas Code § 4-27-128(b), concerning certificates of
existence under the Arkansas Business Corporation Act of 1987, is amended to
read as follows:
(b) A certificate of existence or authorization sets forth:
(1) the domestic corporation's corporate name or the foreign
corporation's corporate name used in this state;
(2) that
   (i) the domestic corporation is duly incorporated under
the laws of this state, the date of its incorporation, and the period of its
duration if less than perpetual; or
   (ii) that the foreign corporation is authorized to
transact business in this state;
   (3) that all fees, taxes, and penalties owed to this state have
been paid, if
      (i) payment is reflected in the records of the Secretary
of State and
      (ii) nonpayment affects the existence or authorization of
the domestic or foreign corporation;
   (4) that its most recent annual franchise tax report required by
§ 4-27-1622 has been delivered to the Secretary of State Department of
Finance and Administration;
   (5) that articles of dissolution have not been filed; and
   (6) other facts of record in the office of the Secretary of
State that may be requested by the applicant.

SECTION 5. Arkansas Code § 4-27-1420 is amended to read as follows:
4-27-1420. Grounds for administrative dissolution.
The Secretary of State may commence a proceeding under § 4-27-1421 to
administratively dissolve a corporation if:
   (1) the corporation does not pay within sixty (60) days after
they are due any franchise taxes or penalties imposed by this chapter or
other law;
   (2) the corporation does not deliver its annual franchise tax
report to the Secretary of State Department of Finance and Administration
within sixty (60) days after it is due;
   (3) the corporation is without a registered agent in this state
for sixty (60) days or more;
   (4) the corporation does not notify the Secretary of State
within sixty (60) days that its registered agent has been changed or has
resigned; or
   (5) the corporation's period of duration stated in its articles
of incorporation expires.
SECTION 6. Arkansas Code § 4-27-1530 is amended to read as follows:

4-27-1530. Grounds for revocation.

The Secretary of State may commence a proceeding under § 4-27-1531 to revoke the certificate of authority of a foreign corporation authorized to transact business in this state if:

(1) the foreign corporation does not deliver its annual franchise tax report to the Secretary of State Department of Finance and Administration within sixty (60) days after it is due;

(2) the foreign corporation does not pay within sixty (60) days after they are due any franchise taxes or penalties imposed by this chapter or other law;

(3) the foreign corporation is without a registered agent in this state for sixty (60) days or more;

(4) the foreign corporation does not file an appropriate notice with the Secretary of State within sixty (60) days of the change or resignation of the foreign corporation's registered agent;

(5) an incorporator, director, officer, or agent of the foreign corporation signed a document he or she knew was false in any material respect with intent that the document be delivered to the Secretary of State for filing;

(6) the Secretary of State receives a duly authenticated certificate from the Secretary of State or other official having custody of corporate records in the state or country under whose law the foreign corporation is incorporated stating that it has been dissolved or disappeared as the result of a merger.

SECTION 7. Arkansas Code § 4-27-1601(e), concerning corporate records under the Arkansas Business Corporation Act of 1987, is amended to read as follows:

(e) A corporation shall keep a copy of the following records at its principal office:

(1) its articles or restated articles of incorporation and all amendments to them currently in effect;

(2) its bylaws or restated bylaws and all amendments to them currently in effect;
(3) resolutions adopted by its board of directors creating one
(1) or more classes or series of shares, and fixing their relative rights,
preferences, and limitations, if shares issued pursuant to those resolutions
are outstanding;

(4) the minutes of all shareholders' meetings, and records of
all action taken by shareholders without a meeting, for the past three (3)
years;

(5) all written communications to shareholders generally within
the past three (3) years, including the financial statements furnished for
the past three (3) years under § 4-27-1620;

(6) a list of the names and business addresses of its current
directors and officers; and

(7) its most recent annual franchise tax report delivered to the
Secretary of State Department of Finance and Administration under § 4-27-
1622.

SECTION 8. Arkansas Code § 4-27-1622 is amended to read as follows:

4-27-1622. Annual franchise tax report for Secretary of State the
Department of Finance and Administration.

(a) Each domestic corporation, and each foreign corporation authorized
to transact business in this state, shall deliver to the Secretary of State
Department of Finance and Administration for filing an annual franchise tax
report that sets forth:

(1) the name of the corporation;

(2) the jurisdiction under which the corporation is
incorporated;

(3) the information required by § 4-20-105(a);

(4) the address of its principal office, wherever it is located;

(5) the names of its principal officers;

(6) the total number of authorized shares, itemized by class and
series, if any, within each class;

(7) the total number of issued and outstanding shares, itemized
by class and series, if any, within each class; and

(8) such other information as the Secretary of State Director of
the Department of Finance and Administration may specify in a form
promulgated pursuant to § 4-27-121(a) under the Arkansas Corporate Franchise
Tax Act of 1979, § 26-54-101 et seq.

(b) The requirements as to the applicability, use, and filing of the annual franchise tax report shall be as set forth in the Arkansas Corporate Franchise Tax Act of 1979, § 26-54-101 et seq.

SECTION 9. Arkansas Code § 4-33-120(1), concerning filing requirements under the Arkansas Nonprofit Corporation Act of 1993, is amended to read as follows:

(i) The document must be delivered to the office of the Secretary of State for filing and must be accompanied by one (1) exact or conformed copy (except as provided in §§ 4-33-503 and 4-33-1509), the correct filing fee, and proof of payment of any franchise tax, license fee, or penalty required by this chapter or other law.

SECTION 10. Arkansas Code § 17-19-202(c), concerning licensing applications for bail bond companies, is amended to read as follows:

(c)(1) An application for a professional bail bond company license shall be accompanied by proof that the applicant:

(A) Is an Arkansas partnership, firm, or corporation, a foreign corporation registered and authorized to conduct business in the State of Arkansas, or an individual who is a resident of the state; and

(B) Has at least one (1) owner or partner that has been licensed for at least two (2) years during the last three (3) years by the State of Arkansas as a professional bail bondsman.

(2) A corporation shall file proof that its most recent annual franchise tax has been paid to the Secretary of State Department of Finance and Administration.

SECTION 11. Arkansas Code § 23-48-1009 is amended to read as follows:


The Bank Commissioner may commence a proceeding under § 23-48-1010 to revoke the certificate of authority of a registered out-of-state bank if:

(1) The out-of-state bank does not deliver its annual franchise tax report to the Secretary of State Department of Finance and Administration within sixty (60) days after it is due;

(2) The out-of-state bank does not pay within sixty (60) days
after they are due any franchise taxes or penalties imposed by this chapter or other law;

(3) The out-of-state bank is without a registered agent or registered office in this state for sixty (60) days or more;

(4) The out-of-state bank does not inform the commissioner under § 23-48-1005 or § 23-48-1006 that its registered agent or registered office has changed, that its registered agent has resigned, or that its registered office has been discontinued within sixty (60) days of the change, resignation, or discontinuance;

(5) The out-of-state bank or an officer, director, or employee thereof is found to be violating federal banking laws or regulations, violating the banking laws of this state or department regulations, violating any regulatory agreement, or jeopardizing the safety and soundness of the out-of-state bank;

(6) An incorporator, director, officer, or agent of the out-of-state bank signed a document he or she knew was false in any material respect with intent that the document be delivered to the commissioner for filing; or

(7) The commissioner receives a duly authenticated certificate from the bank supervisory agency or other official having custody of the corporate records of banking institutions in the state or country under whose law the out-of-state bank is chartered stating that it has been dissolved or disappeared as the result of a merger.

SECTION 12. Arkansas Code § 26-54-105(a)-(c), concerning franchise tax reports under the Arkansas Corporate Franchise Tax Act of 1979, is amended to read as follows:

(a)(1) The Secretary of State Department of Finance and Administration shall furnish report forms to each corporation subject to the provisions of this chapter by mailing them to the corporation’s current agent for service or other person identified by the corporation.

(2) When filing the franchise tax report, a corporation may state who is to receive a franchise tax form the following year if that person is different from the agent for service on file for the corporation at that time.

(b) Any corporation that fails to receive the report forms by March 20 of the reporting year shall make written request for them to the Secretary of
State department on or before March 31.

(c)(1) Each corporation subject to the requirements of this chapter shall file a franchise tax report with the Secretary of State department that shows the condition and status of the corporation as of the close of business on the last day of the corporation’s preceding fiscal year and other information required by the Secretary of State department.

(2)(A) The franchise tax as computed on the report shall be remitted with the franchise tax report on or before June 1 of the reporting year for franchise tax due for calendar year 2003 and years prior to 2003 and submitted to the department with the corporation’s income tax return.

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

SECTION 13. Arkansas Code § 26-54-107 is amended to read as follows:


(a) The Secretary of State Director of the Department of Finance and Administration from the information reported and from any other information received by him or her bearing upon the subject shall compute the amount of tax of each corporation at the rate or rates provided by this chapter.

(b)(1) If the taxpayer fails to comply with the filing and remittance requirements under § 26-54-105(c) by May 1, the Secretary of State director shall assess the corporation a penalty of twenty-five dollars ($25.00) plus interest on the tax and penalty from the date due until paid at the rate of ten percent (10%) per year.

(B) However, the franchise tax, penalty, and interest for any tax year shall not exceed two (2) times the corporation’s tax owed.

(2) On or before November 1 of each year, the Secretary of State director shall mail notice to the corporation at its last known address stating that the corporation is subject to forfeiture of its corporate charter under § 26-54-111 for the failure to pay corporate franchise tax.

(c) The Secretary of State director or his or her designee may agree to settle or compromise a dispute concerning interest or penalties associated with corporate franchise taxes if the taxpayer:

(1) Disputes the proposed amount; or

(2) Is insolvent or bankrupt.
(d)(1) The Secretary of State director may waive any accrued interest or assessed penalties imposed on a taxpayer due to a failure to remit corporate franchise taxes under § 26-54-105(c), if:

(A) The taxpayer is reasonably mistaken about the application of this chapter or the computation of the franchise tax to the corporation; or

(B) A taxpayer cannot pay the accrued interest or assessed penalties because of the taxpayer's insolvency or bankruptcy.

(2) The Secretary of State director may waive any fees that a taxpayer owes if the taxpayer desires to dissolve the corporation.

(3) If a taxpayer demonstrates that a corporation was not doing business in the state for the period for which penalties and interest are owed under this section, the director shall waive the amount due under this section if the taxpayer demonstrates that the taxpayer intends to dissolve the corporation.

(e) If the parties cannot resolve the dispute, the parties may pursue any other remedy available to them, including, but not limited to, remedies available under the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

(f) The Secretary of State director shall develop guidelines to assist a taxpayer in resolving a corporate franchise tax dispute.

SECTION 14. Arkansas Code §§ 26-54-109-26-54-112 are amended to read as follows:

26-54-109. Lists of corporations to be prepared.

(a)(1) The Secretary of State, Bank Commissioner, Insurance Commissioner, and any other officer or agency of the state authorized to issue corporate permits or authorities to do business in this state shall prepare and maintain a correct list of all corporations organizing or qualifying through their respective offices or agencies.

(2) Each official or agency shall file with the Department of Finance and Administration a monthly report showing:

(A) The name and address of each new corporation organized or qualified;

(B) The authorized and outstanding capital stock;

(C) The name changes, mergers, charter forfeitures,
dissolutions, or withdrawals; and
(D) All other information concerning the corporation
required by the Secretary of State department.
(b) Upon request of the Secretary of State Director of the Department
of Finance and Administration, each official or agency shall prepare and
certify to the Secretary of State director a complete list of the names and
addresses of all corporations which have organized or qualified through their
respective office or agency and which are subject to the provisions of this
chapter.
(c) Officials or agencies of the state, county, or municipalities
authorized to issue permits shall notify each corporation receiving a permit
of the requirements to register the corporation with the Secretary of State
prior to conducting business in Arkansas.
(d) Any corporation filing instruments providing for the organization
of any common law or statutory trust or similar organization with any county
clerk, or other clerk of the various counties of this state, shall file them
in duplicate. The clerk receiving the documents for filing or recordation
shall file mark them and forward the file-marked duplicate to the Secretary
of State.
(e) The Director of the Department of Finance and Administration
director shall provide the Secretary of State a list of corporations doing
business in this state and filing franchise tax reports with the Department
of Finance and Administration department. However, the director shall not
include any information deemed confidential by any other law.

26-54-110. Dissolution or withdrawal by corporations.
Applications for dissolution or withdrawal by a corporation,
association, or organization cannot be accepted by the authority which
initially authorized or granted an authority to the corporation to do
business in Arkansas until receipt of a statement verified by the Secretary
of State Director of the Department of Finance and Administration that the
franchise tax due has been paid.

26-54-111. Charter forfeiture for failure to pay tax – Procedure.
(a) On or before January 31 of each year, the Secretary of State shall
proclaim as forfeited the corporate charters or authorities, as the case may
be, of all corporations, both domestic and foreign that according to the
Secretary of State's Department of Finance and Administration's records are
delinquent in the payment of the annual franchise tax for a prior year.
(b) A copy of the proclamation, or applicable portion thereof, shall
be furnished to each other official or agency of the state which is
authorized to issue corporation charters or authorities. Upon their receipt
of the proclamation, the several officials shall at once correct their
respective records in accordance with the proclamation.

26-54-112. Reinstatement of corporations.
(a)(1)(A)(i) Any corporation whose charter or permit authority to do
business in the state has been declared forfeited by proclamation of the
Governor or the Secretary of State may be reinstated to all its rights,
powers, and property.

(ii) Reinstatement shall be retroactive to the time
that the corporation's authority to do business in the state was declared
forfeited.

(B) The reinstatement shall be made after the filing of
all delinquent franchise tax reports satisfactory to the Secretary of State
Department of Finance and Administration and the payment of all taxes and
penalties due for each year of delinquency.

(2) However, no reinstatement shall be allowed after seven (7)
years from the date the charter or permit authority to do business in the
state was declared forfeited by proclamation of the Governor or the Secretary
of State.

(b) If the Secretary of State issued the original corporate charter,
permit, or authority, the Secretary of State shall reinstate the corporation
upon payment by the corporation of all amounts due, as provided in subsection
(a) of this section.

(c)(1) If the original corporate charter, permit, or authority was
issued by an official other than the Secretary of State, the official shall
reinstate the corporation upon the corporation's filing with the official the
receipt of the Secretary of State department showing payment of all amounts
due, as provided in subsection (a) of this section.

(2) Thereafter, the corporation shall stand in all respects as
though its name had never been declared forfeited.
SECTION 15. Arkansas Code § 26-54-114 is amended to read as follows:

26-54-114. Nonpayment of franchise taxes.

(a) No corporation or limited liability company shall be allowed to file any forms or documentation related to that corporation or limited liability company if the corporation or limited liability company owes past-due franchise taxes to the Secretary of State Department of Finance and Administration.

(b) No person shall be allowed to file any initial forms or documentation with the Secretary of State to create any legal entity in the State of Arkansas or to obtain authority to do business in the State of Arkansas if that person is substantially connected to any corporation or limited liability company that owes past-due franchise taxes to the Secretary of State department.

(c) As used in this section:

(1) "Past-due franchise taxes" means only those taxes owed three years prior to the year in which the current filing is presented;

(2) "Past officer or director" means a person who was associated with the corporation or limited liability company during the time that its charter was revoked for nonpayment of franchise taxes; and

(3) "Substantially connected" means a present officer or director or a past officer or director of a corporation.

SECTION 16. Arkansas Code Title 26, Chapter 54, Subchapter 1, is amended to add an additional section to read as follows:


The Director of the Department of Finance and Administration shall adopt rules to implement and administer this chapter.

SECTION 17. DO NOT CODIFY. Rules.

(a) When adopting the initial rules required under this act, the final rules shall be filed with the Secretary of State for adoption under § 25-15-204(f):

(1) On or before January 1, 2020; or

(2) If approval under § 10-3-309 has not occurred by January 1, 2020, as soon as practicable after approval under § 10-3-309.
(b) The Director of the Department of Finance and Administration shall file the proposed rules with the Legislative Council under § 10-3-309(c) sufficiently in advance of January 1, 2020, so that the Legislative Council may consider the rules for approval before January 1, 2020.

SECTION 18. EFFECTIVE DATE. Sections 1 through 16 of this act are effective for tax years beginning on or after January 1, 2020.
Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
92nd General Assembly
Regular Session, 2019

By: Senator <NA>

A Bill

For An Act To Be Entitled
AN ACT TO PROVIDE FOR THE INDEXING OF MOTOR FUEL TAXES AND DISTILLATE SPECIAL FUEL TAXES; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle
TO PROVIDE FOR THE INDEXING OF MOTOR FUEL TAXES AND DISTILLATE SPECIAL FUEL TAXES; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code Title 26, Chapter 55, Subchapter 2, is amended to add an additional section to read as follows:

(a) The taxes levied in §§ 26-55-205, 26-55-1002, 26-55-1006, 26-55-1201, and 26-56-601 shall be increased on January 1, 2020, and again on January 1 of each subsequent year in accordance with subsection (b) of this section.

(b)(i) On or before December 1 of each year, the Director of the Department of Finance and Administration shall determine and announce:

(A)(i) The percentage, if any, by which the average of the Consumer Price Index for the twelve (12) months ending September 30 exceeds the average of the Consumer Price Index for the same twelve-month period for the preceding year.

(ii) As used in this subsection, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers published monthly by the Bureau of Labor Statistics of the United States Department of

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Labor; and

(B) The total motor fuel tax rate that will be effective on January 1 of the following year, as determined under subdivision (b)(2) of this section.

(2) On January 1 of each year, the total motor fuel tax rate under §§ 26-55-205, 26-55-1002, 26-55-1006, 26-55-1201, and 26-56-601 shall be increased by the amount, rounded to the nearest one-tenth cent (0.1¢), that equals the product of multiplying:

(A) The total motor fuel tax rate in effect on the date of the director’s announcement under subdivision (b)(1)(B) of this section; and

(B) The percentage growth in the Consumer Price Index announced under subdivision (b)(1)(A) of this section.

(3) If there is a decline in growth or no growth in the Consumer Price Index, the total motor fuel tax rate shall remain unchanged for that year.

SECTION 2. Arkansas Code Title 26, Chapter 56, Subchapter 2, is amended to add an additional section to read as follows:

26-56-233. Indexing of distillate special fuel taxes.

(a) The taxes levied in §§ 26-55-1201, 26-56-201, 26-56-502, 26-56-601, and 26-56-802 shall be increased on January 1, 2020, and again on January 1 of each subsequent year in accordance with subsection (b) of this section.

(b)(1) On or before December 1 of each year, the Director of the Department of Finance and Administration shall determine and announce:

(A)(i) The percentage, if any, by which the average of the Consumer Price Index for the twelve (12) months ending September 30 exceeds the average of the Consumer Price Index for the same twelve-month period for the preceding year.

(ii) As used in this subsection, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers published monthly by the Bureau of Labor Statistics of the United States Department of Labor; and

(B) The total distillate special fuel tax rate that will be effective on January 1 of the following year, as determined under subdivision (b)(2) of this section.
(2) On January 1 of each year, the total distillate special fuel tax rate under §§ 26-55-1201, 26-56-201, 26-56-502, 26-56-601, and 26-56-802 shall be increased by the amount, rounded to the nearest one-tenth cent (0.1c), that equals the product of multiplying:

(A) The total distillate special fuel tax rate in effect on the date of the director's announcement under subdivision (b)(1)(B) of this section; and

(B) The percentage growth in the Consumer Price Index announced under subdivision (b)(1)(A) of this section.

(3) If there is a decline in growth or no growth in the Consumer Price Index, the total distillate special fuel tax rate shall remain unchanged for that year.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the highways, roads, streets, and bridges of this state are in dire need of construction, reconstruction, and maintenance; that well-maintained highways, roads, streets, and bridges are necessary for economic development in this state; that providing for an indexed tax on motor fuel and distillate special fuel is necessary to help pay for the construction, reconstruction, and maintenance of the highways, roads, streets, and bridges of this state; and that the additional revenues generated under this act will enable the state to maintain its roadways, which is essential to the economic wellbeing of the state and the public health, safety, and welfare of its citizens. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2019.
State of Arkansas
92nd General Assembly
Regular Session, 2019

By: Senator <NA>

A Bill
DRAFT JLL/JLL
SENATE BILL

For An Act To Be Entitled
AN ACT TO IMPOSE AN ADDITIONAL REGISTRATION FEE ON
ELECTRIC VEHICLES AND HYBRID VEHICLES; TO DISTRIBUTE
THE REVENUES COLLECTED FROM THE FEE ON ELECTRIC
VEHICLES AND HYBRID VEHICLES UNDER THE ARKANSAS
HIGHWAY REVENUE DISTRIBUTION LAW; AND FOR OTHER
PURPOSES.

Subtitle
TO IMPOSE AN ADDITIONAL REGISTRATION FEE
ON ELECTRIC VEHICLES AND HYBRID VEHICLES;
AND TO DEDICATE THE REVENUES COLLECTED
FROM THE ADDITIONAL REGISTRATION FEE TO
HIGHWAY FUNDING.

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

SECTION 1. Arkansas Code § 19-6-301, concerning the enumeration of
special revenues, is amended to add an additional subdivision to read as
follows:

(263) Additional registration fees for electric vehicles and
hybrid vehicles, § 27-14-614.

SECTION 2. Arkansas Code Title 27, Chapter 14, Subchapter 6, is
amended to add an additional section to read as follows:
27-14-614. Additional fee for electric vehicles and hybrid vehicles.
(a) As used in this section:
(1) "Electric vehicle" means a vehicle that:
(A) Is propelled by an electric motor powered by a battery or other electrical device incorporated into the vehicle; and

(B) Is not propelled by an internal combustion engine; and

(2) "Hybrid vehicle" means a vehicle that draws propulsion energy from both an internal combustion engine and an energy storage device.

(b) In addition to the other fees required to be paid to register a vehicle under this subchapter, there is levied an annual fee of:

(1) One hundred dollars ($100) for each electric vehicle registered; and

(2) Fifty dollars ($50.00) for each hybrid vehicle registered.

(c) The revenues collected under this section are special revenues and shall be distributed under the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.
<table>
<thead>
<tr>
<th>Proposal Category</th>
<th>Proposal Title</th>
<th>Draft Bill Code</th>
<th>Vote Threshold</th>
<th>Fiscal Impact</th>
<th>Running Total of Impact</th>
</tr>
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<tbody>
<tr>
<td>Sales and Use</td>
<td>Regular Review of all S&amp;U Exemptions</td>
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<td>Simple Majority</td>
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<td>Designation of Revenue Generated</td>
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<td>Simple Majority</td>
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<td>Four-Wheelers/ATVs</td>
<td>JLL028, § 6</td>
<td>Simple Majority</td>
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<td>Named Entities</td>
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<td>Magazine/ Publication Subscription</td>
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<td>Remote Sellers</td>
<td>JLL028, §§ 1-3</td>
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<td>$35,129,000.00</td>
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<td>Review of all Ded., Excl., &amp; Credits</td>
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<td></td>
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<td>(within next line)</td>
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<td>Single Sales Factor Apportionment</td>
<td>JLL029, §§ 1-3, 5-6</td>
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<td>Net Operating Loss</td>
<td>JLL030</td>
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<td>Option A</td>
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<td>Simple Majority</td>
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<td>Corporate Total Phase-In</td>
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<td>Business Inventory Credit</td>
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<td>Franchise Tax Admin DFA</td>
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<td>Guidelines on Exempt Property</td>
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<td>Simple Majority</td>
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<td>Road User Fee (fiscal based on HB2241)</td>
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<td><strong>Excise/Misc Net</strong></td>
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<td></td>
<td></td>
<td></td>
<td><strong>($402,348,181.00)</strong></td>
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*with caveats