

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representative Cunningham**

A BILL ACT 1029 OF 1991
HOUSE BILL 2014

For An Act To Be Entitled

8 "AN ACT TO BE KNOWN AS THE 'COUNTY AND REGIONAL
9 INDUSTRIAL DEVELOPMENT CORPORATION ACT.' "

10

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

12

13 SECTION 1. Title. This act shall be referred to, and may be cited as
14 the "County and Regional Industrial Development Corporation Act."

15

16 SECTION 2. Definitions. As used in this act, unless the context
17 clearly requires otherwise:

18 (a) "Board" means the State Banking Board;

19 (b) "Commissioner" means the Bank Commissioner of the State of
20 Arkansas;

21 (c) "Corporation" means a county or regional industrial development
22 corporation authorized to be organized under the provisions of this act;

23 (d) "Financial institution" means any banking corporation or
24 institution, trust company, savings bank, savings and loan association,
25 insurance company or related corporation, partnership, foundation, or other
26 institution engaged in lending or investing funds;

27 (e) "Loan limit" means, for any member, the maximum amount permitted to
28 be outstanding at any one time on loans made by such member to the
29 corporation, as determined under paragraph (3) of Section 18 of this act;

30 (f) "Member" means any financial institution authorized to do business
31 in the State of Arkansas which shall undertake to lend money to a corporation
32 upon its call and in accordance with the provision of Section 18 of this act;

33 (g) "Person" includes all natural persons and legal entities;

34 (h) "Region" means any compact area comprised of three (3) or more
35 contiguous counties within the State of Arkansas.

36

SECTION 3. Application for Preliminary Approval. Any five (5) or more qualified natural persons, who shall be bona fide residents of the same county or region in this state to be served by the proposed corporation, and who desire to associate themselves for the purpose of establishing and operating a corporation may subscribe, acknowledge, and file with the commissioner for preliminary approval proposed articles of incorporation, in duplicate, as authorized by Section 10 of this act.

SECTION 4. Preliminary Approval. If the commissioner be satisfied that the applicants are bona fide residents of the county or region to be served by the proposed corporation, that the applicants have the confidence of their respective communities, that, in the case of a regional corporation, the proposed region constitutes a reasonably compact area with similar economic development needs, that public convenience and necessity require a corporation, and that the proposed articles of incorporation conform to the provisions of Section 11 of this act, the commissioner shall issue his certificate approving the articles of incorporation and authorizing the applicants to proceed with the organization of the corporation. The commissioner shall not refuse a certificate to a regional corporation solely because one or more county corporations have been approved for the counties comprising the region. *Provided, however, only one (1) county industrial development corporation may be organized to serve in each individual county.*

SECTION 5. Organization. Upon receipt of such certificate of preliminary approval, the applicants may proceed to complete the organization of the corporation, to obtain subscriptions for and payment of its stock, and to do all other things necessarily incidental to its transacting business.

SECTION 6. Certificate of Organization. When the applicants shall have completed the organizations of the proposed corporation, they shall file with the commissioner a certificate of organization executed by the president of the corporation, attested by its secretary, and with its seal affixed thereto, certifying:

- (1) The names and addresses of all of its subscribers of stock, the number of shares subscribed, and the number of shares fully paid for by each;

1 (2) The total number of shares of stock subscribed, but not fully paid
2 for;

3 (3) The total number of shares of stock paid in full;

4 (4) The name and address of the depository, or the names and addresses
5 of the depositories, if more than one, holding on deposit the funds of the
6 corporation;

7 (5) The names and addresses of the officers, directors, and members of
8 the executive committee, if any, of the corporation.

9 The said certificate of organization of the applicant shall be
10 accompanied by the certificate of the named depository, or by the certificates
11 of the named depositories, if more than one, certifying the amount of the
12 funds on deposit to the credit of the corporation.

13 The said certificate of organization shall be accompanied, also, by any
14 bylaws or by any regulations which may have been adopted by the directors of
15 the corporation.

16

17 SECTION 7. Final Investigation and Approval by the Board.

18 Immediately upon the filing of the certificate of organization by the
19 applicants, the commissioner shall submit to the board the proposed articles
20 of incorporation and the certificate of organization of the applicants. As
21 soon as practicable thereafter, if the board shall, from the best sources of
22 information at its command, determine that:

23 (1) Public convenience and necessity continue to require the
24 corporation;

25 (2) The holders of the fully paid common stock of the corporation at
26 least twenty (20) in number;

27 (3) Not less than one hundred thousand dollars (\$100,000) of common
28 stock has been subscribed and fully paid for;

29 (4) No single stockholder nor related group of stockholders owns more
30 than ten percent (10%) of the *voting* stock.

31 (5) The bylaws and/or regulations submitted, if any, are in conformity
32 with the articles of incorporation and the provisions of this act, and not
33 contrary to the laws of the state, and are otherwise satisfactory; it shall
34 direct the commissioner to issue to the applicants a certificate of
35 incorporation in such form as it may prescribe. The commission shall also

1 return to the applicants one of the copies or articles of incorporation
2 theretofore submitted to the commissioner by the applicants, upon which copy
3 he shall have endorsed the fact of the issuance by him of such certificate of
4 incorporation. If bylaws and/or regulations are submitted and are found
5 satisfactory by the board, the commissioner shall also issue his certificate
6 of approval thereof.

7

8 SECTION 8. Commencement of Corporate Existence. Upon the issuance of
9 the certificate of incorporation by the commissioner, the corporate existence
10 of the corporation shall begin. The certificate of incorporation shall be
11 conclusive evidence, except as against the state, that all conditions
12 precedent required to be performed by the applicants have been complied with,
13 and that the corporation has been incorporated under this act. A copy of the
14 articles of incorporation so endorsed by the commissioner, as prescribed in
15 Section 7 of this act, shall be filed for recordation in the office of the
16 county clerk in the county in which the principal office of the corporation is
17 located.

18

19 SECTION 9. Articles of Incorporation. The articles of incorporation
20 for any corporation organized under the provisions of this act shall state:

21 (1) The name of the corporation, which shall include the words "County
22 Industrial Development Corporation" if the proposed corporation is to serve a
23 single county, or "Regional Industrial Development Corporation" if the
24 proposed corporation is to serve a region larger than a single county, and
25 such designation as may be appropriate to distinguish it from any subsequent
26 corporation which may be organized under the provision of this act, and the
27 name shall be such as to distinguish it from any other corporation organized
28 and existing under the laws of the State of Arkansas;

29 (2) The purpose for which the corporation is formed;

30 (3) The period of duration of the corporation, which may be perpetual
31 or limited;

32 (4) The address of its principal office and the name and address of its
33 agent upon whom process may be served;

34 (5) The total number of shares of common stock which the corporation is
35 authorized to issue, which number shall be not less than one hundred (100)

1 shares of common stock, having a par value of one hundred (\$100) dollars each;

2 (6) The total number of shares of stock of any other class or
3 distinction which the corporation is authorized to issue and the par value, if
4 any, thereof;

5 (7) A provision stating that no stockholder shall be entitled as of
6 right to purchase or subscribe for any unissued or treasury stock of the
7 corporation, whether now or hereafter authorized, or whether of a class now
8 existing or of a class hereafter created, and no stockholder shall be entitled
9 as of right to purchase or subscribe for any bonds, notes or other obligations
10 convertible into stock of the corporation;

11 (8) A provision stating that no stockholder shall be entitled to own
12 more than ten percent (10%) of the total number of shares of *voting* stock
13 issued at any time;

14 (9) The number of directors, not less than six (6) nor more than
15 fifteen (15), to be elected at the annual meeting of the holders of stock
16 entitled to vote for the election of directors, the requirement, in the case
17 of a regional corporation, that at least one director shall be resident of
18 each county comprising the region and a prohibition of more than one-third of
19 the directors being resident of any single county, the terms of office of the
20 directors and any provisions desirable for staggering their terms of office,
21 except that the terms of office of directors and other matters pertaining to
22 the directors may be provided in the bylaws of the corporation;

23 (10) The names and addresses of the incorporators, who shall constitute
24 the board of directors and manage the affairs of the corporation until the
25 first meeting of the holders of the common stock;

26 (11) Any provisions, not inconsistent with law, which the incorporators
27 may choose to insert, for the regulation of the business and the conduct of
28 the affairs of the corporation. It shall not be necessary to set forth in the
29 articles of incorporation any of the corporation powers enumerated in this
30 act.

31

32 SECTION 10. Amendment to Articles of Incorporation. A corporation
33 organized under the provisions of this act may amend its articles of
34 incorporation by a majority vote of the common stock, represented in person or
35 by proxy at any regular meeting, or at any special meeting, of the holders of

1 the common stock called for that purpose. The power to amend shall include
2 the power to accomplish any desired change in the provisions of the articles
3 of incorporation and to include any purpose, power, or provision authorized to
4 be included in the original article of incorporation or by later amendment to
5 this act. Articles of amendment signed by the president or a vice-president
6 and attested by the secretary or an assistant secretary, certifying to such
7 amendment and its lawful adoption, shall be executed, acknowledged and filed
8 with the commissioner and, when approved by the board, recorded with the
9 certificate of the commissioner approving the articles of amendment, in the
10 same manner as the original articles of incorporation; and as soon as the
11 commissioner shall issue his certificate of amendment, the amendment or
12 amendments shall be in effect.

13

14 SECTION 11. Management of Corporation. (1) Only the holders of common
15 stock, through the board of directors, shall manage the affairs of the
16 corporation. Each holder of common stock shall be entitled to one (1) vote in
17 person or by proxy, for each share of common stock held by him, and, in voting
18 for the directors of the corporation, shall be entitled to exercise the right
19 of cumulative voting.

20 (2) In the event of the transfer of shares of common stock, whether by
21 act of the holder, or by operation of law, the name or names of the proposed
22 transferees shall be submitted to the directors of the corporation, and the
23 directors may refuse to approve the transfer, in which event the corporation
24 shall have the option to purchase the shares of common stock at par. Shares
25 of common stock so purchased shall be canceled and shares in lieu thereof may
26 be reissued and sold by the corporation. In the event that the directors do
27 not purchase the shares of common stock subject to transfer, the shares of
28 common stock then may be transferred without the approval of the directors.

29

30 SECTION 12. Powers of the Corporation. The purposes of each
31 corporation organized under the provisions of this act shall be to promote,
32 stimulate, develop and advance the business prosperity and economic welfare of
33 the county or region wherein it is located and its citizens; to encourage and
34 assist through loans, investments, or other business transactions in the
35 location of new business and industry in that county or region, and to assist

1 the growth and expansion of existing business and industry; and so to
 2 stimulate and assist in the expansion of all kinds of business activity which
 3 will tend to promote the business development and maintain the economic
 4 stability of the county or region, provide maximum opportunities for
 5 employment, encourage thrift, and improve the standard of living of the
 6 citizens of that county or region, and similarly, to cooperate and act in
 7 conjunction with other organizations, public or private, in the promotion and
 8 advancement of industrial, technological, scientific, commercial,
 9 agricultural, and recreational development in that county or region; and to
 10 provide venture financing for the promotion, development and conduct of all
 11 kinds of business activity in that county or region on terms and conditions
 12 that would not otherwise be available from existing financial institutions.

13 In furtherance of such purposes, each corporation organized under this
 14 act shall have power:

15 (1) To sue and be sued, complain and defend, in its corporate name;

16 (2) To have perpetual succession, unless a limited period of duration
 17 is stated in its articles of incorporation;

18 (3) To adopt a corporate seal, which may be altered at pleasure, and to
 19 use it, or a facsimile thereof, as permitted by law;

20 (4) Within the limitations hereinafter imposed, and in the manner
 21 hereinafter prescribed, to borrow money and otherwise contract indebtedness,
 22 to issue its bonds, notes, debentures, or other obligations therefor with or
 23 without security, and, if with security, to secure the payment thereof by
 24 mortgage, pledge, or deed of trust, on all or any part of its property,
 25 assets, revenues or income;

26 (5) To purchase, receive, lease as lessee, or in any other manner
 27 acquire, own, hold, maintain, sell, exchange and use any and all real and
 28 personal property, or any interest therein;

29 (6) To sell and convey, mortgage, pledge, lease as lessor, and
 30 otherwise dispose of all or any part of its property or assets;

31 (7) To make loans to any person and to establish and regulate the terms
 32 and conditions with respect to any such loans and the charges for interest and
 33 service connected therewith, consistent with the provisions of this act;

34 (8) To purchase, hold, sell, assign, transfer, mortgage, pledge or
 35 otherwise to dispose of bonds, securities, or evidences of indebtedness

1 created by any other corporation or corporations of this state, or any other
2 state or government, or created by any individual, unincorporated association,
3 trust estate, improvement district, municipal and/or governmental or municipal
4 agency of any character;

5 (9) To purchase, hold, sell, assign, transfer, mortgage, pledge, or
6 otherwise dispose of the shares of the capital stock of any other corporation
7 or corporations of this or any other state or government, subject to such
8 restrictions and limitations, if any, as may be imposed by the laws of this or
9 any other state in which the corporation may do business; and while owner of
10 such stock, to exercise all the rights, powers and privileges of ownership,
11 include the right to vote thereon;

12 (10) To make any and all contracts necessary or convenient for the
13 exercise of the powers granted in this act;

14 (11) To elect or appoint officers, agents and employees of the
15 corporation and to define their duties and fix their compensation;

16 (12) To conduct its business and to have officers within or without the
17 state;

18 (13) To accept gifts or grants of money, service or property, real or
19 personal;

20 (14) With the approval of the Board, by action of the directors of the
21 corporation, to make and alter bylaws and regulations, not inconsistent with
22 the articles of incorporation, or with the laws of this state, for the
23 administration and regulation of the affairs of the corporation;

24 (15) To encourage and promote the cultural, industrial, technological,
25 scientific, economic and recreational development of the county or region
26 wherein it is located;

27 (16) To assist minority businesses in obtaining loans or other means of
28 financial assistance. The terms and conditions of such loans or financial
29 assistance, including the charges for interest and other services, will be
30 consistent with the provisions of this act. In order to comply with this
31 requirement, efforts must be made to solicit for review and analysis proposed
32 minority business ventures. Be it further provided, that basic loan
33 underwriting standards will not be changed to inconsistently favor or disfavor
34 minority persons or businesses or both from the intent of the corporation's
35 lending practices;

1 (17) To do and perform any and all acts and things, and to have and
2 exercise any and all powers as may be necessary, convenient, or appropriate to
3 effectuate the purpose for which the corporation is organized.

4
5 SECTION 13. Dividends and Distributions. The directors of the
6 corporation, subject to such limitations as may be set forth in the articles
7 of incorporation or bylaws thereof, may declare dividends to the holders of
8 its stock and make partial distribution of its capital surplus pursuant to the
9 provisions of the Arkansas Business Corporation Act, the same being Chapter 27
10 of Title 4 of the Arkansas Code.

11
12 SECTION 14. Liability of Directors and Officers. The directors and
13 officers of a corporation organized under the provision of this act shall not
14 be responsible for losses of assets of the corporation unless the losses shall
15 have been occasioned by the willful misconduct of such directors or officers.

16
17 SECTION 15. Dissolution of Corporation. Any corporation organized
18 under this act, after the payment in full and cancellation of all its notes,
19 bonds, and other obligations issued under the provisions of this act, or after
20 the deposit in trust with the respective trustees designated in any deeds of
21 trust given to secure the payment of any such obligations of a sum of money
22 sufficient for the purpose, may dissolve by the vote of a majority of the
23 common stock of the corporation, represented in person or by proxy, at any
24 regular meeting, or at any special meeting of the holders of the common stock
25 of the corporation called for that purpose. A certificate of dissolution
26 shall be signed by the president or vice-president and attested by the
27 secretary, certifying to such dissolution and stating that they have been
28 authorized to execute and file such certificate by a vote cast in person or by
29 proxy by holders of a majority of the common stock of the corporation. The
30 certificate of dissolution shall be executed, acknowledged and filed and
31 recorded in the same manner as the original articles of incorporation, and as
32 soon as the commissioner shall have accepted and endorsed on the certificate
33 of dissolution his approval thereof, the corporation shall be deemed to be
34 dissolved.

35 Such corporation shall, however, be continued for the purpose of paying,

1 satisfying, and discharging any other existing liabilities or obligations, and
2 collecting or liquidating its assets, and doing all other acts required to
3 adjust and conclude its business and affairs, and may sue and be sued in its
4 corporate name. Any assets remaining after all liabilities or other
5 obligations of the corporation have been satisfied or discharged shall be
6 distributed pro rata first among the then holders, if any, of any stock of the
7 corporation entitled to a preference, and the remaining assets of the
8 corporation shall then be distributed, pro rata, among the then holders of the
9 common stock of the corporation.

10

11 SECTION 16. Bonds and/or Notes of the Corporation.

12 (1) Any corporation organized under the provisions of this act may,
13 from time to time as the conduct of its business requires, issue and sell at
14 such price and on such terms as the board of directors shall determine, its
15 bonds and/or notes not to exceed, in a total aggregate amount outstanding at
16 any one time, ten (10) times the total amount of its fully paid common stock,
17 its fully paid issued and outstanding preferred stock, if any, and the amount
18 of its earned surplus in excess of a reserve set aside therefrom equal in
19 amount to five per centum (5%) of the aggregate total amount of loans of the
20 corporation outstanding at any one time; provided, however, that the validity
21 of the bonds and/or notes of the corporation valued at the time of the
22 issuance and delivery shall not thereafter be affected if in excess of such
23 ratio.

24 (2) The bonds and/or notes of the corporation shall be in such form and
25 denominations, shall have such dates and maturities; shall bear interest
26 payable at such times and places within or without the state; shall contain
27 such provisions as to registration of ownership, if registration is deemed
28 desirable, all as the directors of the corporation shall determine in
29 conformity with the provisions of this act, and shall be executed by the
30 president and secretary of the corporation, and be sealed with the corporate
31 seal. In the event any of the officers whose signatures appear on any such
32 obligation shall cease to be such officers before the delivery thereof, such
33 signatures shall, nevertheless, be valid and sufficient for all purposes, the
34 same as if they had remained in office until such delivery.

35 (3) All bonds and/or notes of a corporation issued under the provisions

1 of this act shall, unless otherwise limited by the express provisions thereof,
2 irrespective of the date of issue, be on a parity as to security and shall be
3 secured by a lien on the entire assets of the corporation, which said lien
4 shall be a first lien and superior to all other debts and to all other
5 encumbrances, of whatsoever nature, on all of the assets of the corporation.

6 (4) The earned surplus of the corporation, in whole, or in part, in the
7 discretion of the directors of the corporation, may be invested as provided in
8 the bylaws of the corporation, and retained in reserve to meet losses and
9 contingencies of the corporation.

10

11 SECTION 17. Authority of Other Corporations and Financial Institutions.

12 Notwithstanding any rule at common law or any provision of law or any
13 provision in their respective articles of incorporation: (a) all domestic
14 corporations, including nonprofit corporations and associations, organized for
15 the purpose of carrying on business within this state, including without
16 implied limitation any public utility, and all trusts, are hereby authorized
17 to acquire, purchase, hold, sell, assign, transfer, mortgage, pledge or
18 otherwise dispose of any bonds, notes, securities or other evidences of
19 indebtedness created by, or the shares of the common stock of, a corporation
20 organized under this act, and while owners of said stock to exercise all the
21 rights, powers and privileges of ownership, including the right to vote
22 thereon, all without the approval or any regulatory authority of the state;

23 (b) all financial institutions are hereby authorized to become members
24 of the corporation and to make loans to the corporation as provided herein;

25 (c) a financial institution which does not become a member of the
26 corporation shall not be permitted to acquire any shares of the common stock
27 of the corporation; and

28 (d) each financial institution which becomes a member of the
29 corporation is hereby authorized to acquire, purchase, hold, sell, assign,
30 transfer, mortgage, pledge or otherwise dispose of, any bonds, notes,
31 securities or other evidences of indebtedness created by, or the shares of the
32 common stock of the corporation and while owners of said stock to exercise all
33 the rights, powers and privileges of ownership, including the right to vote
34 thereon, all without the approval of any regulatory authority of the state;
35 provided, that the amount of the common stock of the corporation which may be

1 acquired by any member pursuant to the authority granted herein shall not
2 exceed ten percent (10%) of the loan limit of each member. The common stock
3 of a corporation organized under this act which any member is authorized to
4 acquire pursuant to the authority granted herein is in addition to the amount
5 of common stock in corporations which such member may otherwise be authorized
6 to acquire.

7

8 SECTION 18. Member Financial Institutions; Loan Limits. Any financial
9 institution may request membership in the corporation by making application to
10 the board of directors on such form and in such manner as said board of
11 directors may require, and membership shall become effective upon acceptance
12 of such application by the board of directors.

13 Each member of the corporation may make loans to the corporation as when
14 called upon by it to do so on such terms and other conditions as shall be
15 approved from time to time by the board of directors, subject to the following
16 conditions:

17 (1) All loan limits shall be established at the thousand dollar amount
18 nearest to the amount computed in accordance with the provisions of this
19 Section 18.

20 (2) No loan to a corporation organized under this act shall be made by
21 members pursuant to call made by the corporation if immediately thereafter the
22 total amount of such loans will exceed ten (10) times the amount then paid in
23 on the outstanding stock of the corporation, plus ten (10) times the earned
24 surplus of the corporation less reserves.

25 (3) The total amount outstanding on loans to a corporation made by any
26 member at any one time, when added to the amount of the investment in the
27 capital stock of the corporation then held by such member, shall not exceed
28 the limitation on loans established by law or regulation applicable to the
29 member or, in the absence of any such limitation, the amount approved by the
30 board of directors for such member.

31 (4) Each call made by the corporation shall be prorated among members
32 of a corporation in substantially the same proportion that the adjusted loan
33 limit of each member bears to the aggregate of the adjusted loan limits of all
34 members. The adjusted loan limit of a member shall be the amount of such
35 member's loan limit, reduced by the balance of outstanding loans made by such

1 member to the corporation and the investment in capital stock of the
2 corporation held by such member at the time of such call, and further reduced,
3 in the case of a member which has assumed the obligation of a financial
4 institution withdrawn from membership pursuant to subparagraph (b) of Section
5 19 of this act, by the balance of outstanding loans made to the corporation by
6 such financial institution.

7 (5) All loans to a corporation by members shall be evidenced by bonds,
8 debentures, notes or other evidence of indebtedness of the corporation, which
9 shall be freely transferable at all times, and which shall bear interest at a
10 rate which may be adjusted from time to time in a manner determined by the
11 board of directors, which rate shall not be less than one quarter of one
12 percent (1/4th of 1%) in excess of the prime or base rate of interest
13 prevailing at the time of such adjustment for commercial banks in the City of
14 Little Rock on unsecured commercial loans.

15

16 SECTION 19. Withdrawal of Members. Membership in a corporation shall
17 be for an indeterminate period; provided that:

18 (a) Upon written notice given to a corporation five (5) years in
19 advance, a member may withdraw from membership in the corporation at the
20 expiration date of such notice; or

21 (b) In the event that a member (herein called a constituent member)
22 shall consolidate with, merge into, or sell all or substantially all of its
23 property and assets to another financial institution (herein called the
24 continuing institution), the board of directors may, in such manner as it
25 determines, permit the withdrawal of the constituent member from membership in
26 the corporation if the continuing institution at the time of such withdrawal
27 is a member and has assumed the obligation of the constituent member to make
28 loans to the corporation. If such continuing institution is not a member
29 prior to such consolidation, merger, or sale, such assumed obligation shall be
30 discharged at the time such continuing institution becomes a member.

31 A member shall not be obligated to make any loans to the corporation
32 pursuant to calls made subsequent to the withdrawal of said corporation.

33

34 SECTION 20. Exemption for Securities. The stock, notes, debentures,
35 bonds and all other securities or obligations issued by any corporation

1 organized and existing under the provisions of this act shall be exempt from
2 the provisions of the Arkansas Securities Act, the same being Chapter 42 of
3 Title 23 of the Arkansas Code.

4
5 SECTION 21. Obligations as Negotiable Instruments. All bonds, notes,
6 debentures, and other obligations of a corporation authorized under and issued
7 in compliance with the provisions of this act shall be, and shall have, and
8 are hereby declared to have, all the qualities and incidents of negotiable
9 instruments under the negotiable instruments law of the state.

10
11 SECTION 22. Eligibility for Certain Investments. Any city or town in
12 this state, or any board, commission, or other authority duly established by
13 ordinance of any such city or town, or the boards of trustees, respectively of
14 the Firemen's Relief and Pension Fund and the Policemen's Pension and Relief
15 Fund of any such city or town, may invest any of its funds not immediately
16 needed for its purposes in the bonds and/or notes of any corporation organized
17 under the provisions of this act.

18
19 SECTION 23. Exemption from Certain Taxes. (a) County or Regional
20 Industrial Development Corporations shall be exempt from taxation under the
21 Income Tax Act of 1929, Chapter 51 of Title 26 of the Arkansas Code, and from
22 the payment of any other income taxes levied by a county or a municipality.
23 Dividends on stock of any such corporation shall be exempt from all state,
24 county or municipal income tax. Interest on bonds, notes, or other
25 obligations of any such corporation issued under and in accordance with the
26 provisions of this act shall be exempt from all state, county or municipal
27 income taxes.

28 (b) Corporations shall file income tax returns each year at the time
29 provided for the filing of corporate income tax returns.

30 (c) A corporation claiming exemption from income tax under this section
31 shall attach, to the return required in subsection (b) of this section, a
32 certification from the Bank Commissioner of the State of Arkansas stating that
33 the corporation has been incorporated and is operating as a corporation in
34 accordance with the provisions of this act.

35

1 SECTION 24. Income Tax Credit. (a) The original purchaser of common
 2 stock of a corporation shall be entitled to a credit against any Arkansas
 3 income tax liability which may be imposed on such purchaser for any tax year
 4 commencing on or after January 1, 1991 for common stock purchased from the
 5 corporation and retained during any of the calendar years 1991, 1992, 1993 and
 6 1994 to coincide with State Capitol Corporation. The credit shall be
 7 determined in the following manner:

8 (1) The credit is limited to an amount not to exceed thirty-three
 9 percent (33%) of the actual purchase price paid for the stock to the
 10 corporation (which shall include any fees or commissions to underwriters paid
 11 by the corporation). If any shares, once purchased from the corporation, are
 12 then sold or otherwise disposed of prior to five (5) years elapsing from the
 13 date of purchase, the maximum amount of any credit shall be reduced a pro rata
 14 amount.

15 (2) In any one (1) tax year, the credit allowed by this section
 16 shall not exceed fifty percent (50%) of the net Arkansas State Income Tax
 17 liability of the taxpayer after all other credits and reductions in tax have
 18 been calculated.

19 (3) Any credit in excess of the amount allowed by subsection (2)
 20 of this section for any one (1) tax year may be carried forward and applied
 21 against Arkansas State Income Tax for the next succeeding tax year and
 22 annually thereafter for a total period of three (3) years next succeeding the
 23 year in which the credit arose, subject to the provisions of subsection (2) of
 24 this section, or until the credit is exhausted, whichever occurs first. In no
 25 event will the credit allowed by this section be allowed for any tax year
 26 ending after December 31, 1996.

27 (4) Any original purchaser of common stock who seeks to qualify
 28 for the income tax credit provided in this section must:

29 (i) Obtain a certified statement from the corporation
 30 issuing the common stock stating the name and address of the original
 31 purchaser, the number of shares purchased, the amount paid by the original
 32 purchaser for the common stock, and the date of purchase of the common stock,
 33 the number of shares of the original purchase still owned by the original
 34 purchaser; and

35 (ii) Attach a copy of the certificate described in

1 paragraph (4)(i) of this section to the income tax return for the year(s) the
2 credit is claimed.

3 (b) For the purpose of ascertaining the gain or loss from the sale or
4 other disposition of common stock in a corporation, the original purchaser of
5 the common stock shall reduce his basis in the stock by the amount of the tax
6 credits previously deducted under this section. The original purchaser's
7 basis in the stock shall be further reduced by ten percent (10%) of the
8 original purchase price for any shares of stock sold or otherwise disposed of
9 before five (5) years has elapsed from the date of purchase. This reduced
10 basis shall be used by the original purchaser when calculating tax due under
11 Chapter 51 of Title 26 of the Arkansas Code.

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13 SECTION 25. Loan Policy. (1) A corporation organized under the
14 provisions of this act shall not lend money when credit is readily available
15 on comparable terms elsewhere. Before granting a loan, the directors of the
16 corporation shall endeavor so far as is reasonably possible to ascertain that
17 reasonable opportunity to grant the loan has been given to the financial
18 institutions of the state.

19 (2) No corporation organized under the provisions of this act shall
20 receive money on deposit.

21 (3) The corporation shall not deposit any of its funds in any banking
22 institution unless such institution has been designated as a depository by a
23 vote of a majority of the directors present at an authorized meeting of the
24 directors, exclusive of any director who is an officer or director of the
25 depository so designated.

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27 SECTION 26. Supervision of Corporations. Each corporation organized
28 under the provisions of this act shall be subject to the supervision,
29 examination and control of the commissioner in the same manner, so far as
30 applicable, as provided in Arkansas Code 23-32-1101 and 1108, jointly with
31 such supervision, examination, and control of the State Board of Finance, and
32 shall make such reports of its condition to the commissioner and to the State
33 Board of Finance as they shall prescribe, but such corporation shall not be
34 deemed a banking institution, nor be required to pay any fee or other charge
35 for any such supervision or examination.

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SECTION 27. Liberal Construction. This act shall be construed liberally. The enumeration of any object, purpose, power, manner, method, or thing shall not be deemed to exclude like or similar objects, purposes, powers, manners, methods or things.

SECTION 28. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 29. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 30. (a) Subchapter 12 of Chapter 4 of Title 15 of the Arkansas Code is hereby repealed.

(b) All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 31. EMERGENCY CLAUSE. It has been found and it is hereby declared by the General Assembly of the State of Arkansas that the State of Arkansas has had heretofore an inadequate program for financing the agricultural, industrial, technological, scientific and economic development of the State, that on account of such inadequate program, the State of Arkansas has been unable to provide for its inhabitants sufficient opportunities in agriculture and industry, that on account thereof the State of Arkansas is threatened with a decreasing standard of living for its inhabitants, that unless an adequate program for financing the agricultural, industrial, technological, scientific and economic development of the State be immediately undertaken, the State of Arkansas will suffer immediate and irreparable loss in population and the opportunity for agricultural and industrial expansion, and that only by the passage of this Act and giving immediate effect to its provisions, can the State of Arkansas prevent losses

1 in population and securing to its inhabitants opportunities for agricultural,
2 industrial, technological, scientific and economic development. An emergency
3 therefore, is hereby declared to exist and this act being necessary for the
4 immediate preservation of the public peace, health and safety shall be in full
5 force and effect from and after its passage and approval.

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/s/E. Cunningham

APPROVED: 4/8/91