

As Engrossed: 2/25/92

1 **State of Arkansas**
2 **78th General Assembly**
3 **First Extraordinary Session, 1992**
4 **By: Representatives J. Miller, Day, and Wagner**

A Bill ACT 61 OF 1992

Call Item 7
HOUSE BILL 1014

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7 **For An Act To Be Entitled**

8 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED §15-4-807 TO
9 QUALIFY BUSINESSES WHICH MANUFACTURE, REPAIR, CONVERT,
10 MODIFY, OR MAINTAIN COMMERCIAL JET AIRCRAFT OR COMMERCIAL
11 JET AIRCRAFT COMPONENTS OR SUBCOMPONENTS FOR ENTERPRISE
12 ZONE SALES AND USE TAX REFUNDS AND INCOME TAX CREDITS; TO
13 PROVIDE A SALES TAX EXEMPTION FOR THE SERVICE OF
14 REPAIRING, MODIFYING, CONVERTING OR MAINTAINING
15 COMMERCIAL JET AIRCRAFT; TO PROVIDE A SALES AND USE TAX
16 EXEMPTION FOR TANGIBLE PERSONAL PROPERTY WHICH BECOMES A
17 PART OF COMMERCIAL JET AIRCRAFT; AND FOR OTHER PURPOSES."

18
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code Annotated §15-4-807 is hereby amended to add
22 subsection (f) to read as follows:

23 "(f)(1) The sales and use tax refund provided for in subsection (a) of
24 this section, and the income tax credit provided for in subsection (c) of this
25 section, may be claimed by qualified aircraft businesses. A qualified
26 aircraft business shall mean any business which manufactures, assembles,
27 repairs, rebuilds, converts, modifies, or maintains commercial jet aircraft,
28 commercial jet aircraft components or commercial jet aircraft subcomponents.
29 The sales and use tax refund shall also be available to any other entity which
30 constructs or expands a facility solely for use by a qualified aircraft
31 business. The term commercial jet aircraft shall mean any commercial,
32 military, private or other turbine or turbo jet aircraft having a maximum
33 take-off weight of more than 12,500 pounds.

34 (A) To qualify for the sales and use tax refund provided for in
35 subsection (a) of this section, the qualified aircraft business or other
36 qualified entity must obtain certification from the Department of Industrial

1 Development that:

2 (i) The business or entity is qualified as provided in
3 paragraph (1) of this subsection; and

4 (ii) The business or entity has an approved project which
5 will result in the investment of not less than five million dollars
6 (\$5,000,000), after the effective date of this act, in the construction of a
7 new facility or the expansion of an existing facility for housing a business
8 engaged in the manufacturing, assembling, repairing, rebuilding, converting,
9 modification, or maintenance of commercial jet aircraft, commercial jet
10 aircraft components or commercial jet aircraft subcomponents. The investment
11 shall include the cost of land, buildings, and equipment used in the
12 construction or expansion.

13 (B) To qualify for the income tax credit provided for in
14 subsection (c) of this section the qualified aircraft business must obtain
15 certification from the Department of Industrial Development of the following:

16 (i) That the business is a qualified aircraft business as
17 provided in paragraph (1) of this subsection;

18 (ii) A statement of the average annual employment of the
19 business for the tax year prior to the year of certification under this
20 subsection; and

21 (iii) That the business has an approved project which will
22 result in the employment of at least fifty (50) net new employees within sixty
23 (60) months of receiving certification.

24 (C) No income tax credit under this subsection shall be allowed
25 until the business has employed at least fifty (50) net new employees within
26 sixty (60) months of receiving certification. In the year that the business
27 first employs at least fifty (50) net new employees, the business shall file a
28 claim with the Revenue Division to establish the amount of the income tax
29 credit allowed for that year under this subsection.

30 (D) An income tax credit shall be allowed for any net new
31 employees hired in any year after the taxpayer first establishes that it has
32 hired at least fifty (50) net new employees. No income tax credit shall be
33 allowed for any net new employees hired more than five (5) years from the date
34 the business first receives certification by the Department of Industrial
35 Development for the project.

1 (E) A qualified aircraft business or other entity may request and
2 qualify for subsequent certification for new projects to receive sales and use
3 tax refunds and income tax credits provided that the qualified aircraft
4 business or other entity meets all requirements for qualification as provided
5 in subsection (f) (1) (A) for sales and use tax refunds or subsection (f) (1) (B)
6 for income tax credits.

7 (F) Any business or other entity which receives tax incentives,
8 credits or refunds under either the Manufacturer's Investment Sales and Use
9 Tax Credit Act of 1985, Arkansas Code Annotated §26-52-701 et seq., or any
10 other subdivision of the Arkansas Enterprise Zone Act of 1989, Arkansas Code
11 Annotated §15-4-801 et seq. shall not receive the sales and use tax refund or
12 income tax credit provided for in this subdivision. Any business or entity
13 which receives a tax refund or credit under this subdivision shall not receive
14 any tax credit, refund or incentive under the Manufacturer's Investment Sales
15 and Use Tax Credit Act of 1985 or any other subdivision of the Arkansas
16 Enterprise Zone Act of 1989.

17 (2) A business or entity qualifying for the state sales and use tax
18 refund under this subsection shall also be entitled to a refund of any city or
19 county sales and use tax applicable to the transactions for which the state
20 refund is claimed without obtaining the approval of the governing body of the
21 city or county. The qualified business or entity shall make its application
22 for this refund of city or county sales and use tax with the city or county
23 levying the tax.

24 (3) The prerequisites for obtaining a sales and use tax refund provided
25 in subsection (b) (1) of this section, and the prerequisites for obtaining an
26 income tax credit provided in subsection (d) (1) of this section, shall not
27 apply to qualified aircraft businesses or other entities which construct or
28 expand a facility solely for use by a qualified aircraft business."
29

30 SECTION 2. Arkansas Code Annotated §26-52-301(3) (C), is hereby amended
31 to add a new subparagraph to read as follows:

32 "(vi) The gross receipts tax levied in this section shall not apply to
33 the service of alteration, addition, cleaning, refinishing, replacement or
34 repair of commercial jet aircraft, commercial jet aircraft components or
35 commercial jet aircraft subcomponents. The term _commercial jet aircraft_

1 shall mean any commercial, military, private or other turbine or turbo jet
2 aircraft having a certified maximum take-off weight of more than 12,500
3 pounds."

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5 SECTION 3. Arkansas Code Annotated §26-52-401, is hereby amended to add
6 a new subsection (28) to read as follows:

7 "(28) Parts or other tangible personal property incorporated into or
8 which become a part of commercial jet aircraft components or commercial jet
9 aircraft subcomponents. The term commercial jet aircraft shall mean any
10 commercial, military, private or other turbine or turbo jet aircraft having a
11 certified maximum take-off weight of more than 12,500 pounds."

12

13 SECTION 4. The provisions contained in Section 2 and Section 3 of this
14 act shall be effective on and after *July 1, 1993*.

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16 SECTION 5. All provisions of this act of a general and permanent nature
17 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
18 Revision Commission shall incorporate the same in the code.

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20 SECTION 6. If any provision of this act or the application thereof to
21 any person or circumstance is held invalid, such invalidity shall not affect
22 other provisions or applications of the act which can be given effect without
23 the invalid provision or application, and to this end the provisions of this
24 act are declared to be severable.

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26 SECTION 7. All laws and parts of laws in conflict with this act are
27 hereby repealed.

28

29 SECTION 8. EMERGENCY. It has been found and is hereby declared by the
30 General Assembly that unemployment in Arkansas has reached emergency
31 proportions, and that this situation can only be remedied by attracting new
32 industry. Offering tax incentives is an effective method of attracting
33 business to Arkansas. This act offers incentives which will reduce
34 unemployment levels. Therefore, an emergency is declared to exist, and this
35 act, being necessary for the immediate preservation of the public peace,

13 February 1992 3/25/92

1 health and safety, shall be in full force and effect from and after its
2 passage and approval.

3 */s/John E. Miller, et al*

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5 APPROVED: 3-19-92

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