

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1899

5 By: Representative Ingram
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE EQUITY INVESTMENT INCENTIVE TAX
9 CREDIT; TO DEFINE WHEN A PURCHASE TAX CREDIT MAY BE
10 TAKEN; TO CORRECTLY STATE THE GOVERNANCE OF THE TAX
11 CREDIT; AND FOR OTHER PURPOSES.
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Subtitle

14 AN ACT TO AMEND THE EQUITY INVESTMENT TAX
15 CREDIT.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 15-4-3303 is amended to read as follows:

22 15-4-3303. Eligibility for equity investment incentive.

23 (a) Eligibility for the equity investment incentive tax credit under
24 this subchapter is limited to investments in:

25 (1) Targeted businesses as defined in § 15-4-2703(43); or

26 (2) ~~Businesses that receive~~ A business that receives assistance
27 in the form of equity investments from capital investment funds that target
28 early-stage businesses and start-up businesses, if the business:

29 (A) Pays not less than one hundred fifty percent (150%) of
30 the lesser of the county average wage or the state average wage; and

31 (B) Meets at least two (2) of the following conditions:

32 (i) The business is in one (1) of the business
33 sectors set forth in § 15-4-2703(43)(A)(i)-(vi);

34 (ii) The business is identified in a local or
35 regional economic development plan as the type of business targeted for
36 recruitment or growth within the community or region;



1 (iii) The business is supported by a resolution of
 2 the city council or quorum court in the municipality or county in which the
 3 business is located or plans to locate;

4 (iv) The business is supported by business
 5 incubators certified under § 26-51-815(d);

6 (v) The business is supported by federal small
 7 business innovation research grants; or

8 (vi) The business is supported by technology
 9 development or seed capital investments made by instrumentalities of the
 10 state.

11 (b)(1) The award of the equity investment incentive tax credit to a
 12 qualified business under subsection (a) of this section shall be determined
 13 jointly at the discretion of the Director of the Arkansas Economic
 14 Development Commission, the President of the Arkansas Development Finance
 15 Authority, and the President of the Arkansas Science and Technology
 16 Authority.

17 (2) Only cash investments shall qualify for the equity
 18 investment incentive tax credit under this subchapter.

19 (3) A business that seeks eligibility for an equity investment
 20 incentive tax credit under this subchapter shall sign an equity investment
 21 incentive agreement with the Arkansas Economic Development Commission.
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23 SECTION 2. Arkansas Code § 15-4-3304 is amended to read as follows:
 24 15-4-3304. Application for an equity investment incentive tax credit.

25 (a) A business that seeks eligibility for an equity investment
 26 incentive tax credit under this subchapter shall file an application with the
 27 Arkansas Economic Development Commission.

28 (b) The application shall include:

29 (1) A business plan describing the proposed business for which
 30 an equity investment incentive tax credit is sought;

31 (2) A projection of the amount of capital being sought for the
 32 proposed business; and

33 (3) Other information requested jointly by the Director of the
 34 Arkansas Economic Development Commission, the President of the Arkansas
 35 Development Finance Authority, and the President of the Arkansas Science and
 36 Technology Authority.

1 (c)(1) The commission shall gather information necessary to determine
 2 the eligibility of a business that seeks an equity investment incentive tax
 3 credit and process the application.

4 (2)~~(A)~~ The commission shall share the application and all
 5 information concerning the business with the Arkansas Development Finance
 6 Authority and the Arkansas Science and Technology Authority for review and
 7 concurrence on whether or not an equity investment incentive is offered to
 8 the business.

9 ~~(B) The Arkansas Science and Technology Authority shall~~
 10 ~~decide whether an equity investment incentive shall be offered to the~~
 11 ~~business.~~

12 (d)(1) If a business is notified of approval of an application for an
 13 equity investment incentive tax credit, the business shall sign an equity
 14 investment incentive agreement with the commission.

15 (2) After the equity investment incentive agreement has been
 16 signed by the business and the commission, the business may solicit investors
 17 and offer the equity investment incentive tax credit to the investors.

18 (e) For the equity investment tax credit to be awarded to an investor,
 19 the eligible business shall verify that all conditions to the award of an
 20 equity investment incentive tax credit stated in the equity investment
 21 incentive agreement have been met within the time set forth in the agreement.

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 23 SECTION 3. Arkansas Code § 15-4-3305(a), concerning the award of an
 24 equity investment tax credit, is amended to read as follows:

25 (a) A person or company that purchases an equity interest in a
 26 qualified business under § 15-4-3303(a) in any of the calendar years 2007 –
 27 2019 is entitled to a credit against any state income tax liability that may
 28 be imposed on the person or company for any tax year ~~commencing on or after~~
 29 ~~the date of the purchase, beginning in the tax year in which the equity~~
 30 interest was purchased and for a period not to exceed nine (9) years beyond
 31 the tax year in which the equity interest was purchased.

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 33 SECTION 4. Arkansas Code § 15-4-3306 is amended to read as follows:
 34 15-4-3306. Rules.

35 The Arkansas Economic Development Commission, Arkansas Development
 36 Finance Authority, and Arkansas Science and Technology Authority shall

1 promulgate jointly ~~guidelines and~~ rules to implement this subchapter.

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APPROVED: 03/30/2011