

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

A Bill

SENATE BILL 483

For An Act To Be Entitled

8 AN ACT TO ENHANCE ECONOMIC COMPETITIVENESS BY
9 REPEALING THE THROWBACK RULE; TO AMEND THE INCOME TAX
10 PROVISIONS CONCERNING THE APPORTIONMENT OF BUSINESS
11 INCOME; AND FOR OTHER PURPOSES.
12
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Subtitle

14 TO ENHANCE ECONOMIC COMPETITIVENESS BY
15 REPEALING THE THROWBACK RULE.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. DO NOT CODIFY. Legislative findings and intent.

22 (a) The General Assembly finds that:

23 (1) The income tax apportionment throwback rule causes the
24 Arkansas income tax to unduly burden job creation and investment in the
25 state, thus harming economic competitiveness, especially in comparison to
26 states that do not have a throwback rule or that do not impose an income tax;
27 and

28 (2) The Arkansas Tax Reform and Relief Legislative Task Force
29 recommended repeal of the throwback rule.

30 (b) The General Assembly intends to repeal the throwback rule to
31 encourage investment and job creation in Arkansas by multistate enterprises.
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33 SECTION 2. Arkansas Code § 26-5-101, Article IV, paragraph 16,
34 concerning the division of income under the Multistate Tax Compact, is
35 amended to read as follows:

36 16. Sales of tangible personal property are in this state if+



1 (a) ~~The the property is delivered or shipped to a~~
2 purchaser, ~~other than the United States Government,~~ within this state
3 regardless of the f.o.b. point or other conditions of the sale; ~~or~~

4 (b) ~~The property is shipped from an office, store,~~
5 warehouse, factory, or other place of storage in this state and (1) the
6 purchaser is the United States Government or (2) the taxpayer is not taxable
7 in the state of the purchaser.

8
9 SECTION 3. Arkansas Code § 26-51-716 is amended to read as follows:
10 26-51-716. Sales of tangible personal property.

11 Sales of tangible personal property are in this state if:

12 (a) the property is delivered or shipped to a purchaser, ~~other~~
13 ~~than the United States government,~~ within this state regardless of the f.o.b.
14 point or other conditions of the sale; ~~or~~

15 (b) ~~the property is shipped from an office, store, warehouse,~~
16 ~~factory, or other place of storage in this state and (1) the purchaser is the~~
17 ~~United States government or (2) the taxpayer is not taxable in the state of~~
18 ~~the purchaser.~~

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20 SECTION 4. EFFECTIVE DATE. Sections 2 and 3 of this act are effective
21 for tax years beginning on or after January 1, 2022.