

Hall of the House of Representatives
83rd General Assembly - Regular Session, 2001
Amendment Form

Subtitle of Senate Bill No. 304

"EXPENDITURES FOR REPLACEMENTS OF ITEMS PREVIOUSLY PURCHASED AS
PART OF ENTERPRISE ZONE/ECONOMIC DEVELOPMENT ACT PROJECT ARE NOT
ELIGIBLE FOR BENEFITS."

Amendment No. 1 to Senate Bill No. 304.

Amend Senate Bill No. 304 as originally introduced:

Page 1, delete line 17, and substitute the following:

"USE TAX; TO AMEND ARKANSAS CODE 15-4-1704 AND ARKANSAS CODE 15-4-1906 TO
REQUIRE"

AND

Page 2, delete lines 13 through 20, and substitute the following:

"(2) A refund shall not be authorized for routine operating
expenditures.

(3) A refund shall not be authorized for the purchase of replacements
of items previously purchased as part of a project under this subchapter
unless the items previously purchased will not enable the project to function
as originally intended. In order to qualify for a refund under this
subchapter, the replacement of an item previously purchased must be necessary
for the implementation or completion of the project. Provided, however, that
a program participant may make changes in a project by amendment to the
project plan filed with the Department of Economic Development.

(4) All claims for sales and use tax refunds under this subchapter
shall be filed with the Revenue Division of the Department of Finance and
Administration within three (3) years from the date of the qualified purchase
or purchases. Claims filed after three (3) years from the date of the
qualified purchase or purchases shall be disallowed.

(5) The time limitation in this section for filing claims shall be
tolled if a program participant fails to pay sales or use tax on an item
which was taxable, and the applicable tax is subsequently assessed as a
result of an audit by the Revenue Division of the Department of Finance and
Administration. All claims for sales and use tax refunds relating to an
audited purchase shall be filed with the Revenue Division of the Department

of Finance and Administration within one (1) year after payment of the assessed tax or the date of a final administrative or judicial order, whichever is later.

(6) A program participant that files a claim for a sales or use tax refund relating to an audited purchase shall be entitled to a refund of interest paid on the amount of tax assessed on the audited purchase, if a refund is approved for the purchase."

AND

Page 2, delete lines 32 through 36, and Page 3, delete lines 1 through 3, and substitute the following:

"(2) A refund shall not be authorized for routine operating expenditures.

(3) A refund shall not be authorized for the purchase of replacements of items previously purchased as part of a project under this subchapter unless the items previously purchased will not enable the project to function as originally intended. In order to qualify for a refund under this subchapter, the replacement of an item previously purchased must be necessary for the implementation or completion of the project. Provided, however, that a program participant may make changes in a project by amendment to the financial incentive plan entered into with the Department of Economic Development.

(4) All claims for sales and use tax refunds under this subchapter shall be filed with the Revenue Division of the Department of Finance and Administration within three (3) years from the date of the qualified purchase or purchases. Claims filed after three (3) years from the date of the qualified purchase or purchases shall be disallowed.

(5) The time limitation in this section for filing claims shall be tolled if a program participant fails to pay sales or use tax on an item which was taxable, and the applicable tax is subsequently assessed as a result of an audit by the Revenue Division of the Department of Finance and Administration. All claims for sales and use tax refunds relating to an audited purchase shall be filed with the Revenue Division of the Department of Finance and Administration within one (1) year after payment of the assessed tax or the date of a final administrative or judicial order, whichever is later.

(6) A program participant that files a claim for a sales or use tax refund relating to an audited purchase shall be entitled to a refund of interest paid on the amount of tax assessed on the audited purchase, if a refund is approved for the purchase."

AND

Page 3, insert two additional sections immediately following Section 3 to read as follows:

"SECTION 4. Arkansas Code 15-4-1702(13), pertaining to the definition of an Enterprise Zone Project, is amended to read as follows:

"(13)(A) "Project" means:

(i) All activities and costs associated with the construction of a new plant or facility;

(ii) The expansion of an established plant or facility by adding to the building or production equipment or support infrastructure, or both; or

(iii) Modernization through the replacement of production or processing equipment or support infrastructure, or both.

(B) Expenditures for routine repair and maintenance that do not result in new construction or expansion are ineligible for benefits under this subchapter.

(C) In order to receive credit for project costs, such costs must be incurred within four (4) years from the date the endorsement resolution was received by the department;.

(D) Routine operating expenditures are ineligible for benefits under this subchapter;

SECTION 5. Arkansas Code 15-4-1902(14), pertaining to the definition of an Economic Development Act Project, is amended to read as follows:

(14)(A) "Project" means the construction or expansion of an eligible business as defined in subdivision (6) of this section in Arkansas costing at least five million dollars (\$5,000,000), including the cost of the land, buildings, and equipment used in the construction or expansion, which has been approved by the department as a construction or expansion qualifying for tax benefits under this subchapter.

(B) The project cost shall include:

(i) All activities and costs associated with the construction of a new plant or facility;

(ii) All activities and costs associated with the expansion of an established plant or facility by adding to the building or production equipment, or support infrastructure, or both; and

(iii) All activities and costs associated with the replacement of production or processing equipment or support infrastructure, or both;.

(C) The project cost shall not include routine operating expenditures; "

The Amendment was read

**By: Representative Hausam
LH/MHF
MHF846**

Chief Clerk