

Hall of the House of Representatives
89th General Assembly - Regular Session, 2013
Amendment Form

Subtitle of House Bill No. 1966

TO AMEND THE LAWS CONCERNING THE INCOME TAX ON CAPITAL GAINS.

Amendment No. 1 to House Bill No. 1966

Amend House Bill No. 1966 as originally introduced:

Add Representative Collins as a cosponsor of the bill

AND

Add Senator J. Dismang as a cosponsor of the bill

AND

Delete everything after the enacting clause, and substitute the following:

"SECTION 1. Arkansas Code § 26-51-815(b), concerning the computation of capital gains and losses, is amended to read as follows:

(b)(1) If Except as otherwise provided in this subsection, if a taxpayer has a net capital gain for tax years beginning on and after January 1, 1999, thirty percent (30%) of the gain shall be is exempt from state income tax.

(2) If a taxpayer has a net capital gain from an investment:

(A) The amount of net capital gain up to five million dollars (\$5,000,000) from an investment made before January 1, 2014, is subject to income tax under subdivision (b)(1) of this section;

(B) Seventy percent (70%) of the amount of net capital gain in excess of five million dollars (\$5,000,000) from an investment made before January 1, 2014, is exempt from the state income tax; and

(C) The amount of net capital gain from an investment made on or after January 1, 2014, is subject to income tax under subdivision (b)(1) of this section unless subsection (e) of this section applies.

SECTION 2. Arkansas Code § 26-51-815 is amended to add an additional subsection to read as follows:

(e)(1) As used in subdivision (e)(2) of this section:

(A) "Arkansas property" means:

(i) Real property located entirely within this state;

(ii) Tangible property located entirely within this state for at least one (1) uninterrupted year before the date of the sale



from which the net capital gain arose;

(iii) Intangible property in a corporation, limited liability company, partnership, or other legal entity that has its primary headquarters located in this state for at least one (1) uninterrupted year before the date of the sale from which the net capital gain arose; and

(iv) Stock or other ownership interest in a corporation, limited liability company, partnership, or other legal entity that has its primary headquarters located in this state for at least one (1) uninterrupted year before the date of the sale from which the net capital gain arose;

(B) "Directly" means the taxpayer has direct ownership of the asset;

(C) "Indirectly" means the taxpayer owns an interest in a pass-through entity or chain of pass-through entities that sells the asset that gives rise to the net capital gain; and

(D) "Net capital gain" includes net capital gains of all corporations, C corporations, limited liability companies, partnerships, or other legal entities.

(2) If a taxpayer has a net capital gain from the sale of Arkansas property, seventy percent (70%) of the net capital gain is exempt from the Income Tax Act of 1929, § 26-51-101 et seq., if the Arkansas property from which the net capital gain arose was:

(A) Acquired by the taxpayer on or after January 1, 2014; and

(B) Owned directly or indirectly by the taxpayer for more than one (1) uninterrupted year before the sale.

(3) The Director of the Department of Finance and Administration shall promulgate rules to implement this subsection.

SECTION 3. EFFECTIVE DATE. This act is effective for tax years beginning on or after January 1, 2014."

The Amendment was read _____

By: Representative Carter
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Chief Clerk