

Hall of the House of Representatives
94th General Assembly - Regular Session, 2023
Amendment Form

Subtitle of House Bill No. 1045

TO ENHANCE ECONOMIC COMPETITIVENESS BY REPEALING THE THROWBACK RULE.

Amendment No. 1 to House Bill 1045

Amend House Bill No. 1045 as originally introduced:

Page 1, line 10, delete "REPEALING" and substitute "PHASING OUT"

AND

Delete the subtitle in its entirety, and substitute the following:

"TO ENHANCE ECONOMIC COMPETITIVENESS BY
PHASING OUT THE THROWBACK RULE."

AND

Delete SECTION 2 and SECTION 3 of the bill in their entirety, and substitute the following:

"SECTION 2. Arkansas Code § 26-5-101, Article IV, paragraph 16, concerning the division of income under the Multistate Tax Compact, is amended to read as follows:

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

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

(b) The property is shipped from an office, store, warehouse, factory, or other place of storage in this state and ~~(1) the purchaser is the United States Government or (2) the taxpayer is not taxable in the state of the purchaser, in which case the sales shall be sourced as follows:~~

(1) For the tax year beginning on January 1, 2024, sales shall be sourced eighty percent (80%) within this state and twenty percent (20%) outside this state;

(2) For the tax year beginning on January 1, 2025, sales shall be sourced sixty percent (60%) within this state and forty percent (40%) outside this state;



(3) For the tax year beginning on January 1, 2026, sales shall be sourced forty percent (40%) within this state and sixty percent (60%) outside this state;

(4) For the tax year beginning on January 1, 2027, sales shall be sourced twenty percent (20%) within this state and eighty percent (80%) outside this state; and

(5) For tax years beginning on or after January 1, 2028, sales shall be sourced one hundred percent (100%) outside this state.

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

Sales of tangible personal property are in this state if:

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

(b) the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and ~~(1) the purchaser is the United States government or (2) the taxpayer is not taxable in the state of the purchaser~~, in which case the sales shall be sourced as follows:

(1) For the tax year beginning on January 1, 2024, sales shall be sourced eighty percent (80%) within this state and twenty percent (20%) outside this state;

(2) For the tax year beginning on January 1, 2025, sales shall be sourced sixty percent (60%) within this state and forty percent (40%) outside this state;

(3) For the tax year beginning on January 1, 2026, sales shall be sourced forty percent (40%) within this state and sixty percent (60%) outside this state;

(4) For the tax year beginning on January 1, 2027, sales shall be sourced twenty percent (20%) within this state and eighty percent (80%) outside this state; and

(5) For tax years beginning on or after January 1, 2028, sales shall be sourced one hundred percent (100%) outside this state."

The Amendment was read _____
By: Representative Beaty Jr.
JLL/JLL - 03-24-2023 14:08:12
JLL307

Chief Clerk