

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

INTERIM STUDY PROPOSAL 2009-160

State of Arkansas

*As Engrossed: H3/26/09 H4/1/09 H4/2/09*

87th General Assembly

# A Bill

Regular Session, 2009

HOUSE BILL 1947

By: Representative Garner

Filed with: House Interim Committee on Revenue and Taxation  
pursuant to A.C.A. §10-3-217.

## For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS CAPITAL GAINS  
REDUCTION ACT OF 2009; AND FOR OTHER PURPOSES.

### Subtitle

TO CREATE THE ARKANSAS CAPITAL GAINS  
REDUCTION ACT OF 2009.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

*SECTION 1. This act shall be known as the "Arkansas Capital Gains Reduction Act of 2009".*

*SECTION 2. Arkansas Code § 26-51-815, concerning the computation of capital gains, 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 prior to 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*



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

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

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

12 (2) If a taxpayer has a net capital gain from the sale of  
13 Arkansas property, one hundred percent (100%) of the net capital gain shall  
14 be exempt from the Income Tax Act of 1929, § 26-51-101 et seq., if the  
15 Arkansas property from which the net capital gain arose was:

16 (A) Acquired by the taxpayer after July 1, 2009; and

17 (B) Owned directly or indirectly by the taxpayer for more  
18 than one (1) uninterrupted year prior to the sale.

19 (3) As used in subdivision (e)(2) of this section, "net capital  
20 gain" includes net capital gains of all corporations, C corporations, limited  
21 liability companies, partnerships, or other legal entities.

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

24  
25 SECTION 2. Effective date. This act is effective for tax years  
26 beginning on or after January 1, 2010.

27  
28  
29 /s/ Garner

30  
31  
32  
33  
34  
35  
36 Filed Date: 04/09/2009 By: MMC\VJF