

2 State of Arkansas
3 89th General Assembly
4 Regular Session, 2013

A Bill

DRAFT JLL/PAT
HOUSE BILL

5
6 By: Representative D. Altes

7 Filed with: Arkansas Legislative Council
8 pursuant to A.C.A. §10-3-217.

9 For An Act To Be Entitled

10 AN ACT TO CREATE THE ARKANSAS CAPITAL GAINS REDUCTION
11 ACT OF 2013; AND FOR OTHER PURPOSES.

12 13 14 Subtitle

15 TO CREATE THE ARKANSAS CAPITAL GAINS
16 REDUCTION ACT OF 2013.

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

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21 SECTION 1. This act shall be known as the "Arkansas Capital Gains
22 Reduction Act of 2013".

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

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

27 (A) "Arkansas property" means:

28 (i) Real property located entirely within the state;

29 (ii) Tangible property located entirely within the
30 state for at least one (1) uninterrupted year before the date of the sale
31 from which the net capital gain arose;

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

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

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

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

11 (D) "Net capital gain" includes without limitation net
12 capital gains of all corporations, C corporations, limited liability
13 companies, partnerships, and other legal entities.

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

18 (A) Acquired by the taxpayer after July 1, 2013; and

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

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

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

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35 Referral requested by: Representative Denny Altus

36 Prepared by: JLL/PAT