

State of Arkansas
89th General Assembly
Regular Session, 2013

A Bill

DRAFT JLL/PAT
HOUSE BILL

By: Representative D. Altes

Filed with: Arkansas Legislative Council
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 2013; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE ARKANSAS CAPITAL GAINS
REDUCTION ACT OF 2013.

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 2013".

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 the state;

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

(iii) Intangible property of a corporation, limited
liability company, partnership, or other legal entity that has its primary
headquarters located in the 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 the 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 without limitation net capital gains of all corporations, C corporations, limited liability companies, partnerships, and other legal entities.

(2) If a taxpayer has a net capital gain from the sale of Arkansas property, one hundred percent (100%) 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 after July 1, 2013; 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.

Referral requested by: Representative Denny Altes

Prepared by: JLL/PAT