

State of Arkansas

76th General Assembly

Regular Session, 1987

HOUSE BILL 1507

By: Representatives Schexnayder, Jones, and Parkerson

"AN ACT TO AMEND SECTIONS 3 AND 4 OF ACT 529 OF 1985 [ARK. STATS. 84-1953 AND 84-1954] TO MODIFY THE TAX CREDIT AUTHORIZED FOR MANUFACTURERS UNDER THE MANUFACTURER'S INVESTMENT SALES AND USE TAX CREDIT ACT OF 1985; AND FOR OTHER PURPOSES."

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

SECTION 1. That Section 3 of Act 529 of 1985, the same being Section 84-1953 of the Arkansas Statutes, is hereby amended to read as follows:

"Section 3. There is hereby granted a credit against a manufacturer's state sales and use tax liability of two percent (2%) of the amount of the total project cost of any project subject to the limits set out in Section 4."

SECTION 2. That Section 4 of Act 529 of 1985, the same being Section 84-1954 of the Arkansas Statutes, is hereby amended to read as follows:

"Section 4. In order to qualify for and receive the credits afforded by this Act, any manufacturer undertaking a project shall submit a project plan to the Director of the Arkansas Industrial Development Commission thirty (30) days prior to the start of construction. The plan submitted to the Arkansas Industrial Development Commission shall contain such information as may be required by the Director of the Arkansas Industrial Development Commission to determine eligibility. Upon determination by the Director of the Arkansas Industrial Development Commission that the project qualifies for credit under this Act, the Director shall certify to the Commissioner of Revenues that the project is qualified and transmit with his certification the documents upon which the certification was based or copies thereof. On receipt by the Commissioner of Revenues of a certification from the Director of the Arkansas Industrial Development Commission that a manufacturer is entitled to credit under this Act the Commissioner shall provide forms to the manufacturer on

which to claim the credit. At the end of the calendar year in which the application was made to the Director of the Arkansas Industrial Development Commission and each calendar year thereafter until the project is completed, the manufacturer shall, on the form provided by the Commissioner, certify the amount of expenditures on the project during the preceding calendar year. On receipt of the form certifying expenditures, the Commissioner shall determine the amount due as a credit for the preceding calendar year and issue a memorandum of credit to the manufacturer in the amount of two percent (2%) of such expenditure. The credit shall then be applied against the manufacturer's state sales tax or use tax liability in the year following the year of the expenditure provided that if such credit is not used in the calendar year following the expenditure, it may be carried over to the next succeeding calendar year for a total period of six (6) years next succeeding the year in which the credit was first available for use or until such credit is exhausted, whichever occurs first. Provided further that said credit shall be used by the manufacturer as a credit against his regular direct pay sales or use tax return. In no event shall the credit used on any regular return be more than fifty percent (50%) of the manufacturer's total state sales or use tax liability for the reporting period. The Commissioner may require proof of such expenditures as he deems necessary."

SECTION 3. EMERGENCY. It is hereby found and determined by the General Assembly that reduced revenue collections brought about by economic conditions in this State have severely restricted the amount of funds available for the operation of the public schools, the providing of medical, health, and other services to the medically indigent of this State, and the ability of the State to properly fund the operation of the penal institutions of the Department of Correction, and that immediate steps must be taken to provide additional revenues to avoid drastic curtailment of such services; that the Manufacturer's Investment Sales and Use Tax Credit Act of 1985 has resulted in a greater loss of revenues than was originally anticipated, and that the immediate passage of this Act is necessary to modify the rate of such tax credit, thereby recouping, for the benefit of essential State services, revenues now being lost under said Act; and, that the immediate passage of this Act is necessary to provide additional revenues to correct such situation. Therefore, an emergency is hereby declared to exist and this Act, being immediately necessary for the

preservation of the public peace, health, and safety, shall be in full force and effect from and after its passage and approval.

