

State of Arkansas

76th General Assembly

Regular Session, 1987

SENATE BILL 378

By: Senators Bearden and Ingram

"AN ACT TO GIVE TAXPAYERS OPERATING QUALIFIED STEEL MILLS AN EXTENDED PERIOD TO CLAIM THE INCOME TAX NET OPERATING LOSS DEDUCTION AND THE ENTERPRISE ZONE INCOME TAX JOB CREDIT, TO EXEMPT THEIR PURCHASES OF NATURAL GAS, LP GAS AND ELECTRICITY FROM SALES AND USE TAX, AND FOR OTHER PURPOSES."

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

SECTION 1. To claim the benefits of this Act a taxpayer must obtain a certification from the Director of the Arkansas Department of Industrial Development certifying to the Arkansas Revenue Division that the taxpayer:

(A) Operates a steel mill in Arkansas which began production after the effective date of this Act, and

(B) Has invested, after the effective date of this Act, in excess of one hundred and twenty million dollars (\$120,000,000) in property for the steel mill which would qualify for benefits under either the Arkansas Enterprise Zone Act of 1983, Act 813 of 1983, as amended, (Ark. Stat. Ann. §9-1701 et seq.) or the Manufacturer's Investment Sales and Use Tax Credit Act of 1985, Act 529 of 1985 (Ark. Stat. Ann. §84-1951 et seq.) without regard for whether the steel mill business or project qualifies under those Acts. For the purposes of this Act, the term "invested" shall include expenditures made from the proceeds of bonds (including interim notes or other evidence of indebtedness) issued by a municipality, county, or an agency or instrumentality of a municipality, county or the State of Arkansas, if the obligation to repay the bonds, including interest thereon, is a legal, binding obligation, directly or indirectly, of the taxpayer.

SECTION 2. Taxpayers qualified under Section 1 of this Act, entitled to a net operating loss deduction as provided in Section 13(1) of Act 118 of

1929, as amended, (Ark. Stat. Ann. §84-2016(1)) may carry forward that deduction to the next succeeding taxable year following the year of such net operating loss and annually thereafter for a total period of ten (10) years or until such net operating loss has been exhausted, whichever is earlier. The net operating loss deduction must be carried forward in the order named above.

SECTION 3. Taxpayers qualified under Section 1 of this Act, entitled to the Enterprise Zone Act income tax credit provided in Section 7(c) of Act 813 of 1983, as amended, (Ark. Stat. Ann. §9-1707(c)), may use the credit in the taxable year in which the credit arose and, if the entire credit cannot be used in the year earned, the remainder may be used in the succeeding nine years or until the credit is exhausted, whichever occurs first.

SECTION 4. Sales of natural gas, LP gas and electricity to taxpayers qualified under Section 1 of this Act for use in connection with the steel mill shall be exempt from the Gross Receipts Tax levied by Act 386 of 1941, as amended, (Ark. Stat. Ann. §84-1091 et seq.) and the Compensating (Use) Tax Act, Act 487 of 1949, as amended, (Ark. Stat. Ann. §84-1301 et seq.), and any other state or local tax administered under those Acts.

SECTION 5. The provisions of the Arkansas Enterprise Zone Act of 1983, Act 813 of 1983, as amended, (Ark. Stat. Ann. §9-1701 et seq.) are hereby adopted by this Act. Steel mills qualified under Section 1 of this Act shall claim the benefits provided by the Arkansas Enterprise Zone Act under this Act without regard for any amendment or repeal of the Arkansas Enterprise Zone Act, provided the steel mill business otherwise meets the requirements for claiming the benefits of the Arkansas Enterprise Zone Act.

SECTION 6. REPEALER. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 7. EMERGENCY. Unemployment in Arkansas has reached emergency proportions and can only be remedied by attracting new industry. Offering tax incentives is an effective method of attracting business to Arkansas. This Act offers incentives which will reduce unemployment levels. Therefore, an emergency is declared to exist and this Act, being necessary for the immediate

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

