

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Senator Brandon

SENATE BILL 452

"AN ACT TO AMEND SECTIONS 2, 3, AND 4 OF ACT 529 OF 1985, TO INCREASE THE COST OF A PROJECT WHICH QUALIFIES FOR THE MANUFACTURER'S INVESTMENT TAX CREDIT, TO REDUCE THE CREDIT ALLOWED AGAINST A MANUFACTURER'S STATE SALES AND USE TAX LIABILITY FROM SEVEN PERCENT (7%) TO FIVE PERCENT (5%); DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES."

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

SECTION 1. Paragraph (B) of Section 2 of Act 529 of 1985, the same being Ark. Stat. Ann. §84-1952(B), is hereby amended to read as follows:

"(B) 'Project' shall mean any manufacturing plant construction or expansion in Arkansas by a manufacturer costing more than five million dollars including the cost of land, buildings and equipment used in the construction or expansion and which construction or expansion has been approved by the Arkansas Industrial Development Commission as a construction or expansion which qualifies for the credit under the provisions of this Act. For projects certified by the Arkansas Industrial Development Commission on and after July 1, 1987 the construction or expansion shall cost more than ten million dollars."

SECTION 2. Section 3 of Act 529 of 1985, the same being Ark. Stat. Ann. §84-1953, is hereby amended to read as follows:

"Section 3. There is hereby granted a credit against a Manufacturers' State Sales and Use Tax liability of seven percent (7%) of the amount of the total project cost of any project subject to the limits set out in Section 4 of this Act. For expenditures paid on and after July 1, 1987 the credit provided in this section shall be five percent (5%)."

SECTION 3. Section 4 of Act 529 of 1985, the same being Ark. Stat. Ann. §84-1954, 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 plans 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 forms certifying the 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 seven percent (7%) of such expenditure. The credit shall then be applied against the manufacturers' state sales 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 returns. In no event shall the credit used on any regular return be more than fifty percent (50%) of the manufacturers total state sales or use tax liability for the reporting period. The Commissioner may require proof of such expenditures as he deems necessary. For expenditures paid on and after

July 1, 1987 the credit provided in this section shall be five percent (5%)."

SECTION 4. REPEALER. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 5. EMERGENCY. It is hereby found and determined by the General Assembly that a shortfall of revenues necessitates the reduction of the credit allowed under the Manufacturer Investment Sales and Use Tax Credit Act from seven percent (7%) to five percent (5%). Therefore, an emergency is hereby declared to exist and this Act being 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.

