

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

SENATE BILL

308

By: Senator Allen

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 26-52-705 TO LIMIT 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. Arkansas Code 26-52-705 is hereby amended to read as follows:

"26-52-705. Qualification and determination of credit.

(a) (1) In order to qualify for and receive the credits afforded by this subchapter, 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.

(2) The plan submitted to the commission shall contain such information as may be required by the director to determine eligibility.

(3) The plan shall provide for the manufacturer's creation of not less than ten (10) new full-time permanent employees of the manufacturer at the manufacturer's plant as a result of the construction or expansion.

(b) (1) Upon determination by the director that the project qualifies for credit under this subchapter, the director shall certify to the Director of the Department of Finance and Administration that the project is qualified and transmit with his certification the documents upon which the certification was based or copies thereof.

(2) On receipt by the Director of the Department of Finance and Administration of a certification from the Director of the Arkansas Industrial Development Commission that a manufacturer is entitled to credit under this subchapter, the Director of the Department of Finance and Administration shall provide forms to the manufacturer on which to claim the credit.

(c) (1) 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 certify, on the form provided by the Director of the Department of Finance and Administration, the amount of expenditures on the project during the preceding calendar year.

(2) (A) On receipt of the form certifying expenditures, the Director of the Department of Finance and Administration 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 the expenditure.

(B) (i) The credit shall then be applied against the manufacturer's state sales or use tax liability in the year following the year of the expenditure. However, if the 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 following the year in which the credit was first available for use or until the credit is exhausted, whichever occurs first.

(ii) (a) The credit shall be used by the manufacturer as a credit against his regular direct-pay sales or use tax return.

(b) In no event shall the credit used on any regular return be more than fifty (50%) percent of the manufacturer's total state sales or use tax liability for the reporting period.

(c) In no event shall the credit used on any regular return be more than an amount equal to one hundred thousand dollars (\$100,000) per full-time permanent employees of the manufacturer at the manufacturer's plant created as a result of the construction or expansion.

(iii) The Director of the Department of Finance and Administration may require proof of these expenditures as he deems necessary.

SECTION 2. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.