State of Arkansas
77th General Assembly
Regular Session, 1989 A Bill SENATE BILL 415
By: Senator Allen

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 26-51-801 TO ELIMINATE THE INCOME TAX LIABILITY IN FILING REQUIREMENTS OF LOW INCOME INDIVIDUALS; TO AMEND ARKANSAS CODE 26-52-705 TO LIMIT THE MANUFACTURER'S INVESTMENT SALES AND USE TAX CREDIT ACT OF 1985; TO PROVIDE THAT A PERSON SHALL NOT BE ENTITLED TO THE BENEFITS OF BOTH THE MANUFACTURER'S INVESTMENT SALES AND USE TAX CREDIT ACT AND THE ARKANSAS ENTERPRISE ZONE ACT; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 26-51-801 of the Arkansas Code of 1987 Annotated is hereby amended to read as follows:

"26-51-801. Returns by Individuals.

(a) Every person owning property or doing business in the state of Arkansas shall file a return with the Commissioner of Revenues, Department of Finance and Administration, showing his gross income and the deductions or credits allowed by this act if he has a gross income of:

(1) Four thousand five hundred dollars ($4,500) or over, if married and not filing jointly;

(2) Five thousand one hundred dollars ($5,100) or over, if married and blind or 65 or older, and not filing jointly;

(3) Five thousand seven hundred dollars ($5,700) or over, if married, blind, and 65 or older and not filing jointly;

(4) Five thousand dollars ($5,000) or over, if unmarried;

(5) Five thousand seven hundred fifty dollars ($5,750) or over, if unmarried and blind or 65 or older;

(6) Six thousand five hundred dollars ($6,500) or over, if unmarried, blind, and 65 or older;

(7) Six thousand four hundred dollars ($6,400) or over, if head of household;

(8) Seven thousand one hundred fifty dollars ($7,150) or over, if head of household and blind or 65 or older;

(9) Seven thousand nine hundred dollars ($7,900) or over, if head of household, blind, and 65 or older;

(10) Nine thousand dollars ($9,000) or over, if married and filing jointly;

(11) Nine thousand six hundred dollars ($9,600) or over, if married, filing jointly and one (1) spouse 65 or older;

(12) Ten thousand two hundred dollars ($10,200) or over, if married, filing jointly, one (1) spouse 65 of older, and one (1) spouse blind;

(13) Ten thousand eight hundred dollars ($10,800) or over, if married, filing jointly, both spouses 65 or older, and one (1) spouse blind;

(14) Eleven thousand four hundred dollars ($11,400) or over, if married, filing jointly, both spouses 65 or older and both spouses blind.

(b) If husband and wife are living together and have an aggregate gross income of nine thousand dollars ($9,000) or over, each shall make a return unless the income of each is included in a single joint return.

(c) If a taxpayer is unable to make his own return, the return shall be made by an authorized agent or by the guardian or other person charged with the care of the person or estate of such taxpayer.

(d) As used in this act, the term 'Head of Household' shall have the same meaning as defined in section 2(b) of the Federal Internal Revenue Code of 1986, in effect on January 1, 1987.

(e) As used in this section, the term 'jointly' means filing a joint return, and separate on same return.

(f) Gross income categories below the amounts stated in paragraphs (a)(1) through and including (a)(14) of this section shall be exempt from state income tax.

(g) If a person is not required to file a return, such person must complete and submit to his employer a statement to that effect on forms approved by the Commissioner of Revenues, in order to be exempt from the state withholding tax."

SECTION 2. Any person who is eligible for the Manufacturer's Investment

Sales and Use Tax Credit under Arkansas Code 26-52-701 et seq., and eligible for benefits under the Arkansas Enterprise Zone Act, Arkansas Code 15-4-801 et seq., or any other law providing enterprise zone benefits, shall elect to receive either benefits from Manufacturer's Investment Sales and Use Tax Credit Act or benefits under the enterprise zone law. No person shall be entitled to receive benefits from both the Manufacturer's Investment Sales and Use Tax Credit Act and an enterprise zone law.

SECTION 3. 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.

(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 employee 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 3. 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 4. All laws and parts of laws in conflict with this Act are hereby repealed.