

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997

# A Bill

HOUSE BILL 2027

4  
5 By: Representative Wilson

## For An Act To Be Entitled

9 "ARKANSAS SECURITIES TRANSFER TAX ACT."

### Subtitle

12 "ARKANSAS SECURITIES TRANSFER TAX ACT."

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

16 SECTION 1. This act shall be known and may be cited as the "Arkansas  
17 Securities Transfer Tax Act."

19 SECTION 2. Legislative purpose.

20 It is hereby declared to be the legislative intent to provide a  
21 disincentive to financial speculative activity destructive to the economic  
22 well-being of this state and its citizens; to encourage stable investment and  
23 job creation; and to enhance state revenue without harm to the lives or health  
24 of the people.

26 SECTION 3. Definitions.

27 As used in this act:

28 (a) "Bond" means a certificate or evidence of debt on which the issuing  
29 company or governmental body promises to pay the holders of that bond a  
30 specified amount of interest for a specified length of time and to repay the  
31 face amount of the bond on the expiration date.

32 (b) "Derivative" means a financial security whose value is linked to an  
33 underlying asset.

34 (c) "Future" means a derivative involving an agreement to buy or sell a  
35 commodity or financial instrument sometime in the future.

36 (d) "Option" means a derivative involving an agreement that conveys the

1 right, but not the obligation, to buy or sell a particular commodity or  
 2 financial instrument at a certain price for a limited time.

3 (e) "Security" means a written instrument which meets all of the  
 4 following criteria:

5 (1) Is issued in a bearer or registered form.

6 (2) Is of a type commonly dealt in upon securities exchanges or  
 7 markets or commonly recognized in any area in which that security is issued or  
 8 dealt in as a medium for investment.

9 (3) Is either one of a class or series or by its terms is  
 10 divisible into a class or series of instruments.

11 (4) Evidences a share, participation or other interest in the  
 12 issuer.

13 (f) "Stock" means a written certificate which evidences the right of  
 14 the holder thereof to participate in the general management of the issuer and  
 15 to share proportionally in the issuers net profits or earnings and in the  
 16 distribution of assets on dissolution.

17 (g) "Swap" means a derivative involving an exchange of payment  
 18 obligations between two or more parties.

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20 SECTION 4. Imposition of Tax.

21 (a) Except as provided in Section 5, there is hereby imposed on the  
 22 sale or transfer of any bond, stock, security, future, option, swap or  
 23 derivative a tax payable by the seller or transferrer.

24 (b) The rate of tax payable by the seller or transferrer shall be as  
 25 follows:

26 (1) Two-tenths (2/10) of one percent (1%) of the face value of  
 27 any stock, bond or security.

28 (2) Two-tenths (2/10) of one percent (1%) of the value of the  
 29 underlying asset supporting any derivative, future, option or swap.

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31 SECTION 5. Exemptions.

32 The provisions of this act shall not apply to any bonds or securities  
 33 issued by the federal government or State of Arkansas.

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35 SECTION 6. Regulations.

36 The Department of Finance and Administration shall promulgate all

1 regulations necessary to implement, administer and enforce the provisions of  
2 this act.

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4 SECTION 7. This act shall take effect January 1, 1998.

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6 SECTION 8. All provisions of this act of a general and permanent nature  
7 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
8 Revision Commission shall incorporate the same in the Code.

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10 SECTION 9. If any provision of this act or the application thereof to  
11 any person or circumstance is held invalid, such invalidity shall not affect  
12 other provisions or applications of the act which can be given effect without  
13 the invalid provision or application, and to this end the provisions of this  
14 act are declared to be severable.

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16 SECTION 10. All laws and parts of laws in conflict with this act are  
17 hereby repealed.

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