

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999

As Engrossed: H1/22/99

A Bill

HOUSE BILL 1028

4
5 By: Representatives Womack, Napper, T. Thomas, L. Thomas, Agee, Bennett, Bledsoe, Bush, Elliott,
6 Files, Haak, Hunt, Milum, Minton, Parks, Rackley, Taylor, *Sheppard, Hendren, Duggar, T. Smith,*
7 *Faris, Vess, Green, M. Smith, G. Jeffress, Buchanan, Morris*
8 By: Senators Hunter, *DeLay*

For An Act To Be Entitled

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12 "AN ACT TO AMEND ARKANSAS CODE 26-51-815 TO REDUCE THE
13 CAPITAL GAINS TAX FOR TAXABLE YEAR 1999 AND TO ABOLISH
14 THE TAX FOR TAXABLE YEARS THEREAFTER; AND FOR OTHER
15 PURPOSES. "

Subtitle

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18 "AN ACT TO REDUCE THE CAPITAL GAINS TAX
19 FOR TAXABLE YEAR 1999 AND TO ABOLISH THE
20 TAX FOR TAXABLE YEARS THEREAFTER. "

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

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25 SECTION 1. Arkansas Code 26-51-815 is amended to read as follows:

26 "26-51-815. Computing capital gains and losses.

27 (a) To the extent they apply to capital gains and losses, realized or
28 incurred during income years beginning after December 31, 1996, §§ 1211-1237,
29 and 1239-1257 of Title 26 of the United States Code as in effect on January 1,
30 ~~1997~~ 1999, and the regulations of the Secretary of the Treasury promulgated
31 thereunder and in effect on January 1, ~~1997~~ 1999, are adopted for the purpose
32 of computing tax liability under the Arkansas Income Tax Act of 1929, as
33 amended, § 26-51-101 et seq. However, the provisions of this section shall not
34 apply to ~~C~~S corporations as defined in 26 U.S.C. § 1361 as in effect on
35 January 1, ~~1997~~ 1999. Furthermore, any other provisions of the federal income
36 tax law and regulations necessary for interpreting and implementing 26 U.S.C.

1 §§ 1211-1237, and 1239-1257 are adopted to that extent and as in effect on
2 January 1, 1997.

3 (b) ~~If~~ Except as provided in subsection (d) or (e), if a taxpayer has a
4 net capital gain for any taxable year, then the tax imposed by this section
5 shall not exceed the sum of:

6 (1) A tax computed at the rates and in the same manner as if this
7 subsection had not been enacted on the greater of:

8 (A) Taxable income reduced by the amount of the net capital
9 gain; or

10 (B) The amount of taxable income taxed at a rate below six
11 percent (6%); plus

12 (2) A tax of six percent (6%) of the amount of taxable income in
13 excess of the amount determined under subdivision (1) of this subsection.

14 (c) Section 1202 of the Internal Revenue Code of 1986, as in effect on
15 January 1, 1995, regarding the exclusion from gain of certain small business
16 stock, is adopted for the purpose of computing Arkansas income tax liability.

17 (d) If a taxpayer has a net capital gain for taxable year 1999, then
18 the tax imposed by this section shall not exceed the sum of:

19 (1) A tax computed at the rates and in the same manner as if this
20 subsection had not been enacted on the greater of:

21 (A) Taxable income reduced by the amount of the net capital
22 gain; or

23 (B) The amount of taxable income taxed at a rate below
24 three percent (3%); plus

25 (2) A tax of three percent (3%) of the amount of taxable income
26 in excess of the amount determined under subdivision (1) of this subsection.

27 (e) Beginning with taxable year 2000, capital gains shall not be
28 taxable."

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

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34 SECTION 3. If any provision of this Act or the application thereof to
35 any person or circumstance is held invalid, such invalidity shall not affect
36 other provisions or applications of the Act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this
2 Act are declared to be severable.

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

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/s/ Womack, et al

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