

1 State of Arkansas

2 82nd General Assembly

3 Regular Session, 1999

# A Bill

HOUSE BILL 1578

4  
5 By: Representative Hunt

## For An Act To Be Entitled

9 "AN ACT TO AMEND THE ARKANSAS INCOME TAX ACT TO  
10 CLARIFY THAT THE INCOME TAX CREDIT FOR INVESTMENT IN  
11 LOW INCOME HOUSING IS ALLOCATED AMONG MEMBERS OF A  
12 PARTNERSHIP OF SHAREHOLDERS IN A SUBCHAPTER S  
13 CORPORATION IN THE SAME MANNER THAT INCOME AND LOSSES  
14 ARE DISTRIBUTED; AND FOR OTHER PURPOSES. "

## Subtitle

16 "CLARIFIES THAT THE LOW INCOME HOUSING  
17 TAX CREDIT MUST BE ALLOCATED AMONG  
18 PARTNERS OR SUBCHAPTER S SHAREHOLDERS IN  
19 THE SAME MANNER AS INCOME AND LOSSES ARE  
20 DISTRIBUTED. "

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

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26 SECTION 1. Arkansas Code 26-51-1702 is amended to read as follows:

27 "26-51-1702. Allowance and calculation of tax credit.

28 (a) A taxpayer owning an interest in a qualified project shall be  
29 allowed a state tax credit, to be termed the Arkansas low income housing tax  
30 credit, if the authority issues an eligibility statement for that project. For  
31 any taxpayer which is, for state income tax purposes, taxed as a partnership  
32 or an S corporation, the tax credits allocated to the taxpayer shall be  
33 allocated to each partner, member or shareholder of the taxpayer in accordance  
34 with the same proportions as income and losses are allocated by the provisions  
35 of the articles of incorporation, bylaws, partnership agreement, operating  
36 agreement or other agreement setting forth such allocation.

(b) The Arkansas low income housing tax credit available to a qualified project shall be calculated by multiplying an amount equal to the federal low income housing tax credit for a qualified project for a federal tax period, by twenty percent (20%) and such amount shall be subtracted from the amount of state income or premium tax otherwise due from the taxpayer for the same tax period.

(c) The Arkansas low income housing tax credit shall be taken against the state income or premium taxes due from the taxpayer. The credit authorized by this subchapter shall not be refundable. Any amount of credit that exceeds the tax due for a taxable year may be carried forward to any of the five (5) subsequent taxable years ~~or carried forward to any of the five (5) subsequent taxable years.~~

~~(d) All or any portion of the Arkansas low income housing tax credits may be allocated to parties who are eligible under the provisions of subsection (a) of this section. An owner of a qualified project shall certify to the director the amount of the Arkansas low income housing tax credit allocated to each taxpayer.~~

~~(e)~~(d) In the event that recapture of Arkansas low income housing tax credits is required pursuant to subsection (b) of § 26-51-1703 of this subchapter, any statement submitted to the director as provided in this section shall include the proportion of the Arkansas low income housing tax credit required to be recaptured, the identity of each taxpayer subject to the recapture and the amount of Arkansas low income housing tax credit previously allocated to such taxpayer.

~~(f)~~(e) The total amount of tax credit granted under this subchapter shall not exceed two hundred fifty thousand dollars (\$250,000) in any taxable year."

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. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this

act are declared to be severable.

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