

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

A Bill

SENATE BILL 18

4
5 By: Senator Scott
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For An Act To Be Entitled

8
9 "AN ACT TO ESTABLISH THE ARKANSAS SMALL BUSINESS TAX
10 CREDIT ACT OF 1999; AND FOR OTHER PURPOSES."

Subtitle

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12
13 "AN ACT TO ESTABLISH THE ARKANSAS SMALL
14 BUSINESS TAX CREDIT ACT OF 1999."

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16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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18 SECTION 1. For purposes of this act, "Small business" means any
19 corporation, partnership, sole proprietorship, limited liability corporation
20 or other business entity qualifying as 'small' under the standards contained
21 in Title 13, Code of Federal Regulations, Section 121 as in effect on January
22 1, 2000.
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24 SECTION 2. (a) There shall be allowed a credit against the income tax
25 imposed by Arkansas Code § 26-51-101, et seq. in the amount paid to the United
26 States Small Business Administration as a guaranty fee associated with the
27 acquisition of Small Business Administration financing.

28 (b) The small business shall have five (5) years after payment of the
29 guaranty fee to claim the income tax credit.

30 (c) The income tax credit shall only be claimed by the small business
31 which is the primary obligor in the financing transaction and which paid the
32 guaranty fee.

33 (d) Any amount of credit that exceeds the tax due for a taxable year
34 may be carried forward for a maximum of five (5) taxable years after payment
35 of the guaranty fee.

36 (e)(1) In the event it is determined that any taxpayer receiving the

1 benefits under this act has failed to comply with the conditions contained
2 herein, that taxpayer shall be liable for the payment of such additional
3 income taxes as may be due after the income tax credits provided for in this
4 act are disallowed, plus penalty and interest.

5 (2) In accordance with Arkansas Code § 26-18-208(B), there shall
6 be added to the original tax due a penalty of one percent (1%) of the
7 additional tax due for not more than one (1) month, with an additional one
8 percent (1%) for each additional month or fraction thereof, from the original
9 due date of the tax year in question until the date of payment not to exceed
10 thirty-five percent (35%) in the aggregate.

11 (3) In accordance with Arkansas Code 26-18-508, interest shall be
12 assessed at ten percent (10%) per annum from the date the original tax would
13 have been due until date of payment.

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15 SECTION 3. (a) To claim the benefits of this act, a taxpayer must
16 provide certification to the Revenue Division of the Department of Finance and
17 Administration certifying that the taxpayer has been approved by the United
18 States Small Business Administration to receive financing as a small business.

19 (b) The Revenue Division of the Department of Finance and
20 Administration shall promulgate regulations as necessary to administer this
21 act. These rules or regulations may include, but are not limited to, the
22 establishment of technical specifications and requirements for information and
23 documentation for taxpayers seeking a credit under this act.

24 (c) The Revenue Division of the Department of Finance and
25 Administration shall establish a form which it shall make available for
26 purposes of claiming the credits authorized by this act. The Revenue Division
27 shall be authorized to conduct an investigation of the relevant facts as may
28 be required in order to verify the eligibility of a claimant to receive a
29 credit for any applicable income tax year.

30 (d) The Revenue Division of the Department of Finance and
31 Administration, on or before January 31 of each year, shall submit a report
32 regarding the tax credits authorized by this act to the Speaker of the House
33 of Representatives and the President Pro Tempore of the Senate of the Arkansas
34 Legislature. The report shall summarize the total amount of tax credits
35 claimed allowed pursuant to this act.

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1 SECTION 4. The income tax provisions of this act shall be in full force
2 and effect for all taxable years beginning on and after January 1, 2000.

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4 SECTION 5. All provisions of this Act of a general and permanent nature
5 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
6 Revision Commission shall incorporate the same in the Code.

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8 SECTION 6. If any provision of this Act or the application thereof to
9 any person or circumstance is held invalid, such invalidity shall not affect
10 other provisions or applications of the Act which can be given effect without
11 the invalid provision or application, and to this end the provisions of this
12 Act are declared to be severable.

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14 SECTION 7. All laws and parts of laws in conflict with this Act are
15 hereby repealed.