

State of Arkansas
82nd General Assembly
Regular Session, 1999

A Bill

SENATE BILL 228

By: Senator Gordon

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 15-4-1224 RELATING TO A
STATE INCOME TAX CREDIT OR PREMIUM TAX CREDIT TO THE
PURCHASER OF COMMON STOCK OF A COUNTY OR REGIONAL
INDUSTRIAL DEVELOPMENT CORPORATION; AND FOR OTHER
PURPOSES. "

Subtitle

"PROVIDING FOR A STATE INCOME TAX CREDIT
OR PREMIUM TAX CREDIT TO THE PURCHASER
OF COMMON STOCK OF A COUNTY OR REGIONAL
INDUSTRIAL DEVELOPMENT CORPORATION. "

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

SECTION 1. Arkansas Code 15-4-1224 is amended to read as follows:

"15-4-1224. Income tax or premium tax credit.

(a)(1) The original purchaser of common stock of a corporation shall be
entitled to a credit against any Arkansas income tax liability or premium tax
liability which may be imposed on such purchaser for any tax year commencing
on or after January 1, ~~1991~~ 1999, for common stock purchased from the
corporation and retained during any of the calendar years ~~1991-1999~~ 1999-2003,
~~to coincide with State Capitol Corporation~~. The credit shall be determined in
the following manner:

(A) The credit is limited to an amount not to exceed thirty-three
percent (33%) of the actual purchase price paid for the stock to the
corporation, which shall include any fees or commissions to underwriters paid
by the corporation. If any shares, once purchased from the corporation, are

1 then sold or otherwise disposed of prior to five (5) years elapsing from the
 2 date of purchase, the maximum amount of any credit shall be reduced a pro rata
 3 amount;

4 (B) In any one (1) tax year, the credit allowed by this section
 5 shall not exceed fifty percent (50%) of the net Arkansas state income tax or
 6 premium tax liability of the taxpayer after all other credits and reductions
 7 in tax have been calculated;

8 (C) Any credit in excess of the amount allowed by subdivision
 9 (a)(1)(B) of this section for any one (1) tax year may be carried forward and
 10 applied against Arkansas state income tax or premium tax for the next-
 11 succeeding tax year and annually thereafter for a total period of three (3)
 12 years next succeeding the year in which the credit arose, subject to the
 13 provisions of subdivision (a)(1)(B) of this section, or until the credit is
 14 exhausted, whichever occurs first. In no event will the credit allowed by this
 15 section be allowed for any tax year ending after December 31, ~~1999~~ 2006;

16 (D) Any original purchaser of common stock who seeks to qualify
 17 for the income tax credit or premium tax credit provided in this section must:

18 (i) Obtain a certified statement from the corporation
 19 issuing the common stock stating:

20 (a) The name and address of the original purchaser;
 21 (b) The number of shares purchased;
 22 (c) The amount paid by the original purchaser for the
 23 common stock;

24 (d) The date of purchase of the common stock; and

25 (e) The number of shares of the original purchase
 26 still owned by the original purchaser; and

27 (ii) Attach a copy of the certificate described in
 28 subdivision (a)(1)(D)(i) of this section to the income tax return or premium
 29 tax return for the years the credit is claimed.

30 (b) For the purpose of ascertaining the gain or loss from the sale or
 31 other disposition of common stock in a corporation, the original purchaser of
 32 the common stock shall reduce his basis in the stock by the amount of the tax
 33 credits previously deducted under this section. The original purchaser's
 34 basis in the stock shall be further reduced by ten percent (10%) of the
 35 original purchase price for any shares of stock sold or otherwise disposed of
 36 before five (5) years has elapsed from the date of purchase. This reduced

basis shall be used by the original purchaser when calculating tax due under § 26-51-101 et seq."

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.