

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas

As Engrossed: S2/20/01 H2/28/01 H3/7/01

2 83rd General Assembly

A Bill

3 Regular Session, 2001

SENATE BILL 338

4

5 By: Senators Riggs, P. Malone, Gullett, Trusty, Argue, DeLay, Whitaker, Wilkinson, Cash, J. Jeffress,

6 B. Walker, Everett, Wooldridge, Webb, T. Smith

7 By: Representatives Files, Napper, Salmon, Hutchinson, D. Elliott, Parks, Agee, Judy, Mack

8

9

10 For An Act To Be Entitled

11 AN ACT TO ESTABLISH A TAX CREDIT FOR THE
12 REHABILITATION OF HISTORIC STRUCTURES LOCATED IN
13 ARKANSAS; AND FOR OTHER PURPOSES.

14

15 Subtitle

16 TO ESTABLISH A TAX CREDIT FOR THE
17 REHABILITATION OF HISTORIC STRUCTURES
18 LOCATED IN ARKANSAS.

19

20

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

22

23 SECTION 1. Short title.

24 This act may be known and cited as the "Arkansas Historic Structures
25 Rehabilitation Tax Credit Act."

26

27 SECTION 2. Purpose.

28 The purpose of this act is to encourage economic development within
29 existing infrastructure and to promote the rehabilitation of historic
30 structures throughout Arkansas.

31

32 SECTION 3. Definitions.

33 For purposes of this act:

34 (1) "Department" means the Arkansas Department of Heritage, or any
35 successor agency;

36 (2) "Director" means the Director of the Arkansas Department of Finance

1 and Administration;

2 (3)(A) "Eligibility certificate" means a certificate authorized and
3 issued by the department certifying that a given project qualifies for the
4 Arkansas historic structures rehabilitation tax credit.

5 (B) The eligibility certificate shall specify the amount of the
6 Arkansas historic rehabilitation tax credit allowed;

7 (4) "Federal rehabilitation tax credit" means the federal tax credit as
8 provided by Section 47 of the Internal Revenue Code of 1986, as of January 1,
9 2001, and the regulations promulgated thereunder;

10 (5) "Premium taxes" means taxes levied pursuant to Arkansas Code 26-57-
11 603, 26-57-604, and 26-57-605;

12 (6) "Qualified project" means a certified historic structure as that
13 term is defined in Section 47 of the Internal Revenue Code of 1986, as of
14 January 1, 2001, which is located in Arkansas; and

15 (7) "Taxpayer" means a person, firm, or corporation subject to the
16 state income tax imposed by the Income Tax Act of 1929, an insurance company
17 paying an annual tax on its gross premium receipts in this state pursuant to
18 Arkansas Code 26-57-603, 26-57-604, and 26-57-605, or a financial institution
19 paying income taxes to the state.

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21 SECTION 4. Tax credits, qualified persons or entities, maximum amount,
22 limitations.

23 (a) There shall be allowed a credit against the tax imposed by the
24 Income Tax Act of 1929 or premium taxes for any taxpayer incurring costs and
25 expenses for the rehabilitation of eligible property which is a certified
26 historic structure or a structure in a certified historic district.

27 (b) The credit shall be in an amount equal to twenty-five percent (25%)
28 of the total costs and expenses of rehabilitation incurred by qualified
29 projects placed in service after January 1, 2001 which costs and expenses
30 qualify as qualified rehabilitation expenditures for the federal
31 rehabilitation tax credit as determined by the state historic preservation
32 officer of the Department of Arkansas Heritage.

33
34 SECTION 5. Procedure to claim tax credit – Eligibility, how determined
35 – Certificate required.

36 (a) To claim the credit the taxpayer shall apply to the department

1 which, in consultation with the state historic preservation officer of the
2 Department of Arkansas Heritage, shall determine the amount of eligible
3 rehabilitation costs and expenses.

4 (b)(1) The owner of a qualified project eligible for this credit shall
5 submit an eligibility certificate at the time of filing the owner's income or
6 premium tax return.

7 (2) If the taxpayer fails to attach the eligibility certificate,
8 no tax credit established under this section shall be allowed with respect to
9 the project for that year until the eligibility certificate is provided to the
10 appropriate tax collection authority.

11
12 SECTION 6. Credits exceeding tax liability – Distribution – Assignment.

13 (a)(1) The amount of the credit that may be used by a taxpayer for a
14 taxable year shall not exceed the amount of income tax or premium tax due.

15 (2) Any unused credit may be carried over for a maximum of five
16 (5) consecutive taxable years for credit against the state income or premium
17 taxes due.

18 (3) Taxpayers eligible for the tax credits may transfer, sell, or
19 assign the credits.

20 (4) Credits granted to a partnership, a limited liability company
21 taxed as a partnership, or multiple owners of property shall be passed through
22 to the partners, members, or owners respectively on a pro rata basis or
23 pursuant to an executed agreement among the partners, members, or owners
24 documenting an alternate distribution method.

25 (b)(1) Any assignee of the tax credits may use acquired credits to
26 offset up to one hundred percent (100%) of the state income or premium taxes
27 due from the taxpayer.

28 (2) The assignor shall perfect the transfer by notifying the
29 department in writing within thirty (30) calendar days following the effective
30 date of the transfer and shall provide any information as may be required by
31 the department to administer and carry out the provisions of this act.

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33 SECTION 7. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO
34 CODIFY THIS SECTION.] This act shall be given retroactive effect and be for
35 tax years beginning on and after January 1, 2001.

36 */s/ Riggs, et al.*