

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  
2 84th General Assembly  
3 Regular Session, 2003

# A Bill

HOUSE BILL 2377

4  
5 By: Representative Scroggin  
6  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND ACT 182 OF 2003 TO DEFINE  
10 "COMPUTER SOFTWARE", "APPLICATION SOFTWARE", AND  
11 "SOFTWARE MAINTENANCE"; TO ALLOW A SALES OR USE  
12 TAX CREDIT ON THE PURCHASE OR LICENSE OF COMPUTER  
13 SOFTWARE, APPLICATION SOFTWARE, OR SOFTWARE  
14 MAINTENANCE FOR A QUALIFIED COMPUTER-RELATED  
15 BUSINESS; AND FOR OTHER PURPOSES.

## Subtitle

16  
17  
18 TO AMEND ACT 182 OF 2003 REGARDING  
19 COMPUTER SOFTWARE, APPLICATION SOFTWARE,  
20 AND SOFTWARE MAINTENANCE.  
21  
22

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

24  
25 SECTION 1. Arkansas Code § 15-4-2703, as amended by Act 182 of 2003, is  
26 amended to add an additional subdivision to read as follows:

27 (39)(A) "Computer software" means a sequence of automatic data  
28 processing equipment instructions necessary to solve a problem.

29 (B) "Computer software" includes:

30 (i) Preinstalled software on hardware;

31 (ii) Software installed on hardware after the  
32 purchase of the hardware;

33 (iii) System and application programs and  
34 subdivisions, such as assemblers, compilers, routines, generators, and  
35 utilities; and

36 (iv) System software, including the following:



1                   (a) All of the software used to operate,  
2 maintain, and manage a computer system, including the operating system,  
3 utility programs, and other programs that help to operate, maintain, and  
4 manage one (1) or more resources on a computer system; and

5                   (b) Programs used to analyze, organize, sort,  
6 correlate, format, standardize, cleanse, or correct data that is being  
7 prepared, organized, or stored for use by application programs.

8                   (C) "Resources" under this subdivision means:

9                   (i) The central processing unit or units;

10                  (ii) The internal memory;

11                  (iii) External storage, such as direct access  
12 storage drives or tape, input and output devices; and

13                  (iv) Other components of a computer system.

14                  (40)(A) "Application software" means programming system or  
15 technical language designed either for application in a specialized use or  
16 upon which, or by means of which, a plan for the solution of a particular  
17 problem is based.

18                  (B) "Application software" can typically be transferred  
19 from one computer to another.

20                  (C) Examples of types of application software include:

21                  (i) Payroll processing;

22                  (ii) General ledger;

23                  (iii) Sales management;

24                  (iv) Spreadsheets; and

25                  (v) Word processing.

26                  (D) "Technical language" under this subdivision includes  
27 the following:

28                  (i) Tape;

29                  (ii) Disk;

30                  (iii) Cards; or

31                  (iv) Other medium on which the language or program  
32 is recorded.

33                  (41) "Software maintenance" means any, all, or a combination of  
34 the following:

35                  (A) Technical consultation or support service provided by  
36 telephone or onsite visits;

1                   (B) Corrections of errors, malfunctions, or bugs in the  
2 computer or application software;

3                   (C) Provisions for enhancement of, or upgrades to, the  
4 computer or application software;

5                   (D) Revisions to operating manuals for the computer or  
6 application software; and

7                   (E) Training services.

8  
9           SECTION 2. Arkansas Code § 15-4-2706(d)(2), as amended by Act 182 of  
10 2003, is amended to add an additional subdivision to read as follows:

11                   (C)(i) A sales or use tax refund on the purchase or  
12 license of computer software, application software, or software maintenance  
13 for a qualified computer-related business shall be authorized by the Director  
14 of the Department of Finance and Administration and a refund of sales and use  
15 taxes imposed by a municipality or county, if the municipality or county has  
16 authorized the refund in an endorsement resolution that was submitted along  
17 with the application to the Department of Economic Development.

18                   (ii) “Qualified computer-related business” means a  
19 business that has an annual payroll of over five million dollars (\$5,000,000)  
20 and pays average hourly wages that exceed one hundred fifty percent (150%) of  
21 the county average wage in which the business is located.

22  
23           SECTION 3. EMERGENCY CLAUSE. It is found and determined by the  
24 General Assembly of the State of Arkansas that existing Arkansas not-for-  
25 profit businesses must remain competitive in today’s global economy; that the  
26 tax incentive provided by this act is necessary to provide not-for-profit  
27 businesses with the incentive to invest in Arkansas and hire Arkansans; that  
28 other states compete with Arkansas for the location or expansion of not-for-  
29 profit business activity and this incentive is also necessary to offer the  
30 companies a business environment compatible with other states; that without  
31 this incentive, not-for-profit companies considering locations or expansions  
32 of their businesses may choose to locate in another state, depriving  
33 Arkansans of these jobs and the economic benefit that the jobs bring to the  
34 state; that the Constitution of the State of Arkansas prohibits the  
35 appropriation of funds for more than a two (2) year period; that the  
36 effectiveness of this act on July 1, 2003, is essential to the economic

1 incentives provided in this act; and that in the event of an extension of the  
2 regular session, the delay in the effective date of this act beyond July 1,  
3 2003, could work irreparable harm upon the proper administration and  
4 provision of essential governmental programs. Therefore, an emergency is  
5 declared to exist and this act being immediately necessary for the  
6 preservation of the public peace, health, and safety shall become effective  
7 on:

8 (1) The date of its approval by the Governor;

9 (2) If the bill is neither approved nor vetoed by the Governor, it  
10 shall become effective on the expiration of the period of time during which  
11 the Governor may veto the bill; or

12 (3) If the bill is vetoed by the Governor and the veto is overridden,  
13 it shall become effective on the date the last house overrides the veto.

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36