

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
4

As Engrossed: H3/14/03

A Bill

HOUSE BILL 2377

5 By: Representative Scroggin
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For An Act To Be Entitled

9 AN ACT TO AMEND ACT 182 OF 2003 TO DEFINE “SYSTEM
10 SOFTWARE”, “APPLICATION SOFTWARE”, AND “SYSTEM
11 SOFTWARE MAINTENANCE”; TO ALLOW A SALES OR USE
12 TAX CREDIT ON THE PURCHASE OR LICENSE OF SYSTEM
13 SOFTWARE OR SYSTEM SOFTWARE MAINTENANCE FOR A
14 QUALIFIED COMPUTER-RELATED BUSINESS; AND FOR
15 OTHER PURPOSES.
16

Subtitle

17 TO AMEND ACT 182 OF 2003 REGARDING
18 COMPUTER SOFTWARE, APPLICATION SOFTWARE,
19 AND SOFTWARE MAINTENANCE.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 *SECTION 1. Arkansas Code § 15-4-2703, as amended by Act 182 of 2003,*
26 *is amended to add an additional subdivision to read as follows:*

27 (39)(1) “Application software” means the programming system or
28 technical language designed either for application in a specialized use or
29 upon which, or by means of which, a plan for the solution of a particular
30 problem is based.

31 (2) “Application software” can typically be transferred
32 from one computer to another.

33 (3) Examples of application software include:

34 (A) Payroll processing;

35 (B) General ledger;

36 (C) Sales management;



1 (D) Spreadsheets; and

2 (E) Word processing.

3 (40) "System software" means:

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

8 (B) Programs used to analyze, organize, sort, correlate,
9 format, standardize, cleanse, or correct data that is being prepared,
10 organized, or stored for use by application programs.

11 (41) "System software maintenance" means any, all, or a
12 combination of the following:

13 (A) Technical consultation or support service provided by
14 telephone or onsite visits;

15 (B) Corrections of errors, malfunctions, or bugs in the
16 system software;

17 (C) Provisions for enhancement of, or upgrades to, the
18 system software;

19 (D) Revisions to operating manuals for the system
20 software; or

21 (E) Training services.

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23 SECTION 2. Arkansas Code § 15-4-2706(d)(2), as amended by Act 182 of
24 2003, is amended to add an additional subdivision to read as follows:

25 (C)(i)(a) A sales or use tax refund on the purchase or
26 license of system software or system software maintenance for a qualified
27 computer-related business shall be authorized by the Director of the
28 Department of Finance and Administration.

29 (b) A refund of sales and use taxes imposed by
30 a municipality or county shall be allowed if the municipality or county has
31 authorized the refund in an endorsement resolution that was submitted along
32 with the application to the Department of Economic Development.

33 (c) Sales tax refunds shall not be available
34 for application software.

35 (ii) "Qualified computer-related business" means a
36 business that has an annual payroll of over five million dollars (\$5,000,000)

1 and pays average hourly wages that exceed one hundred fifty percent (150%) of
2 the county average wage in which the business is located.

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/s/ Scroggin