1   State of Arkansas                  *As Engrossed: H3/14/03  H3/18/03*

2   84th General Assembly                         A Bill

3   Regular Session, 2003                                    HOUSE BILL  2377

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5   By: Representative Scroggin

6   *By: Senator Baker*

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9                     **For An Act To Be Entitled**

10              AN ACT TO AMEND ACT 182 OF 2003 TO DEFINE "*SYSTEM*

11              *SOFTWARE*", "APPLICATION SOFTWARE", AND "*SYSTEM*

12              *SOFTWARE* MAINTENANCE"; TO ALLOW A SALES OR USE

13              TAX CREDIT ON THE PURCHASE OR LICENSE OF *SYSTEM*

14              *SOFTWARE OR SYSTEM* SOFTWARE MAINTENANCE FOR A

15              QUALIFIED COMPUTER-RELATED BUSINESS; AND FOR

16              OTHER PURPOSES.

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18                            **Subtitle**

19              TO AMEND ACT 182 OF 2003 REGARDING

20              COMPUTER SOFTWARE, APPLICATION SOFTWARE,

21              AND SOFTWARE MAINTENANCE.

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

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26       *SECTION 1.  Arkansas Code § 15-4-2703, as amended by Act 182 of 2003,*

27   *is amended to add an additional subdivision to read as follows:*

28              (39)(1)  "Application software" means the programming system or

29   technical language designed either for application in a specialized use or

30   upon which, or by means of which, a plan for the solution of a particular

31   problem is based.

32              (2)  "Application software" can typically be transferred

33   from one computer to another.

34              (3)  Examples of application software include:

35                     (A)  Payroll processing;

36                     (B)  General ledger;

1              *(C)   Sales management;*

2              *(D)   Spreadsheets; and*

3              *(E)   Word processing.*

4         *(40)   "System software" means:*

5              *(A)   All of the software used to operate, maintain, and*

6    *manage a computer system, including the operating system, utility programs,*

7    *and other programs that help to operate, maintain, and manage one (1) or more*

8    *resources on a computer system; and*

9              *(B)   Programs used to analyze, organize, sort, correlate,*

10   *format, standardize, cleanse, or correct data that is being prepared,*

11   *organized, or stored for use by application programs.*

12        *(41)   "System software maintenance" means any, all, or a*

13   *combination of the following:*

14             *(A)   Technical consultation or support service provided by*

15   *telephone or onsite visits;*

16             *(B)   Corrections of errors, malfunctions, or bugs in the*

17   *system software;*

18             *(C)   Provisions for enhancement of, or upgrades to, the*

19   *system software;*

20             *(D)   Revisions to operating manuals for the system*

21   *software; or*

22             *(E)   Training services.*

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24        *SECTION 2.   Arkansas Code § 15-4-2706(d)(2), as amended by Act 182 of*

25   *2003, is amended to add an additional subdivision to read as follows:*

26             *(C)(i)(a)   A sales or use tax refund on the purchase or*

27   *license of system software or system software maintenance for a qualified*

28   *computer-related business shall be authorized by the Director of the*

29   *Department of Finance and Administration.*

30                  *(b) A refund of sales and use taxes imposed by*

31   *a municipality or county shall be allowed if the municipality or county has*

32   *authorized the refund in an endorsement resolution that was submitted along*

33   *with the application to the Department of Economic Development.*

34                  *(c)   Sales tax refunds shall not be available*

35   *for application software.*

36             *(ii)   "Qualified computer-related business" means a*

1    *business that has an annual payroll of over five million dollars ($5,000,000)*

2    *and pays average hourly wages that exceed one hundred fifty percent (150%) of*

3    *the county average wage in which the business is located.*

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5                              */s/ Scroggin*

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