

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.

State of Arkansas

As Engrossed: H3/26/09 H4/1/09

87th General Assembly

A Bill

Regular Session, 2009

HOUSE BILL 1947

By: Representative Garner

For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS CAPITAL GAINS
REDUCTION ACT OF 2009; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE ARKANSAS CAPITAL GAINS
REDUCTION ACT OF 2009.

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

SECTION 1. This act shall be known as the "Arkansas Capital Gains Reduction Act of 2009".

SECTION 2. Arkansas Code § 26-51-815, concerning the computation of capital gains, is amended to add an additional subsection to read as follows:

(e)(1) As used in subdivision (e)(2) of this section:

(A) "Arkansas property" means:

(i) Real property located entirely within this state;

(ii) Tangible property located entirely within this state for at least one (1) uninterrupted year prior to the date of the sale from which the net capital gain arose;

(iii) Intangible property in a corporation, limited liability company, partnership, or other legal entity that has its primary headquarters located in this state for at least one (1) uninterrupted year prior to the date of the sale from which the net capital gain arose; and

(iv) Stock or other ownership interest in a corporation, limited liability company, partnership, or other legal entity



1 that has its primary headquarters located in this state for at least one (1)
2 uninterrupted year before the date of the sale from which the net capital
3 gain arose;

4 (B) "Directly" means the taxpayer has direct ownership of
5 the asset; and

6 (C) "Indirectly" means the taxpayer owns an interest in a
7 pass-through entity or chain of pass-through entities that sells the asset
8 that gives rise to the net capital gain.

9 (2) If a taxpayer has a net capital gain from the sale of
10 Arkansas property, one hundred percent (100%) of the net capital gain shall
11 be exempt from the Income Tax Act of 1929, § 26-51-101 et seq., if the
12 Arkansas property from which the net capital gain arose was:

13 (A) Acquired by the taxpayer after July 1, 2009; and

14 (B) Owned directly or indirectly by the taxpayer for more
15 than one (1) uninterrupted year prior to the sale.

16 (3) As used in subdivision (e)(2) of this section, "net capital
17 gain" includes net capital gains of all corporations, including C
18 corporations.

19 (4) The Director of the Department of Finance and Administration
20 shall promulgate rules to implement this subsection.

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22 SECTION 2. Effective date. This act is effective for tax years
23 beginning on or after January 1, 2010.

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26 /s/ Garner
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