

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 87th General Assembly
3 Regular Session, 2009
4

As Engrossed: H3/26/09 H4/1/09 H4/2/09

A Bill

HOUSE BILL 1947

5 By: Representative Garner
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For An Act To Be Entitled

9 AN ACT TO CREATE THE ARKANSAS CAPITAL GAINS
10 REDUCTION ACT OF 2009; AND FOR OTHER PURPOSES.
11

Subtitle

12 TO CREATE THE ARKANSAS CAPITAL GAINS
13 REDUCTION ACT OF 2009.
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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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19 SECTION 1. This act shall be known as the "Arkansas Capital Gains
20 Reduction Act of 2009".
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22 SECTION 2. Arkansas Code § 26-51-815, concerning the computation of
23 capital gains, is amended to add an additional subsection to read as follows:

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

25 (A) "Arkansas property" means:

26 (i) Real property located entirely within this
27 state;

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

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

35 (iv) Stock or other ownership interest in a
36 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, C corporations, limited
18 liability companies, partnerships, or other legal entities.

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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