

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 88th General Assembly  
3 Regular Session, 2011

# A Bill

HOUSE BILL 1002

4  
5 By: Representative Garner  
6

## For An Act To Be Entitled

8 AN ACT TO CREATE THE ARKANSAS CAPITAL GAINS REDUCTION  
9 ACT OF 2011; AND FOR OTHER PURPOSES.  
10

### Subtitle

11 TO CREATE THE ARKANSAS CAPITAL GAINS  
12 REDUCTION ACT OF 2011.  
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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 2011".  
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22 SECTION 2. Arkansas Code § 26-51-815 is amended to add an additional  
23 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 before 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 before 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;

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; and

9 (D) "Net capital gain" includes net capital gains of all  
10 corporations, C corporations, limited liability companies, partnerships, or  
11 other legal entities.

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

16 (A) Acquired by the taxpayer after July 1, 2011; and

17 (B) Owned directly or indirectly by the taxpayer for more  
18 than one (1) uninterrupted year before the sale.

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

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22 SECTION 3. Effective date. This act is effective for tax years  
23 beginning on or after January 1, 2012.