

State of Arkansas

As Engrossed: H3/10/25

95th General Assembly

A Bill

Regular Session, 2025

HOUSE BILL 1216

By: Representative Long

For An Act To Be Entitled

AN ACT TO CREATE THE FREE MARKET ZONES ACT; TO
PROVIDE TAX INCENTIVES FOR BUSINESS ENTITIES LOCATED
IN AN OPPORTUNITY ZONE; TO EXEMPT A BUSINESS LOCATED
IN AN OPPORTUNITY ZONE FROM THE INCOME TAX, THE
CORPORATE FRANCHISE TAX, AND THE ELECTIVE PASS-
THROUGH ENTITY TAX; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE FREE MARKET ZONES ACT; AND
TO EXEMPT A BUSINESS LOCATED IN AN
OPPORTUNITY ZONE FROM THE INCOME TAX,
THE CORPORATE FRANCHISE TAX, AND THE
ELECTIVE PASS-THROUGH ENTITY TAX.

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

SECTION 1. DO NOT CODIFY. Title.

This act shall be known and may be cited as the "Free Market Zones
Act".

SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 3, is
amended to add an additional section to read as follows:

26-51-317. Business located in opportunity zone – Definition.

(a) As used in this section, "opportunity zone" means a population
census tract located in Arkansas that is designated as a qualified
opportunity zone under 26 U.S.C. § 1400Z-1, as of January 1, 2019.

(b) There is allowed an exemption from the income tax imposed by this



1 chapter for a business entity that:

2 (1) Locates in an opportunity zone on or after the effective
3 date of this act; and

4 (2) Is required to file a corporate income tax return under this
5 chapter.

6
7 SECTION 3. Arkansas Code § 26-51-460 is repealed.

8 ~~26-51-460. Opportunity zones — Definition.~~

9 ~~(a) Except as provided in subsection (b) of this section, 26 U.S.C. §~~
10 ~~1400Z-2, as in effect on January 1, 2018, regarding opportunity zones, is~~
11 ~~adopted for the purpose of computing Arkansas income tax liability.~~

12 ~~(b) As used in this section and for purposes of the adoption of 26~~
13 ~~U.S.C. § 1400Z-2, “opportunity zone” means a population census tract located~~
14 ~~in Arkansas that is designated as a qualified opportunity zone under 26~~
15 ~~U.S.C. § 1400Z-1, as of January 1, 2019.~~

16
17 SECTION 4. Arkansas Code § 26-54-102(b), concerning the entities that
18 are not included in the definition of "corporation" under the Arkansas
19 Corporate Franchise Tax Act of 1979, is amended to add an additional
20 subdivision to read as follows:

21 (4) A business entity that:

22 (A) Locates in an opportunity zone, as defined in § 26-51-
23 317, on or after the effective date of this act; and

24 (B) Is required to file a:

25 (i) Corporate income tax return under the Income Tax
26 Act of 1929, § 26-51-101 et seq.; or

27 (ii) Tax return under the Elective Pass-Through
28 Entity Tax Act, § 26-65-101 et seq.

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30 SECTION 5. Arkansas Code Title 26, Chapter 65, Subchapter 1, is
31 amended to add an additional section to read as follows:

32 26-65-109. Exemption for business located in opportunity zone —
33 Definition.

34 (a) As used in this section, “opportunity zone” means a population
35 census tract located in Arkansas that is designated as a qualified
36 opportunity zone under 26 U.S.C. § 1400Z-1, as of January 1, 2019.

1 (b) There is allowed an exemption from the tax imposed by this chapter
2 for a business entity that:

3 (1) Locates in an opportunity zone on or after the effective
4 date of this act; and

5 (2) Is subject to the tax levied under this chapter.

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7 SECTION 6. EFFECTIVE DATE. Sections 1-5 of this act are effective for
8 tax years beginning on or after January 1, 2025.

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10 /s/Long
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