

Stricken language would be deleted from and underlined language would be added to present law.  
Act 864 of the Regular Session

State of Arkansas  
90th General Assembly  
Regular Session, 2015

As Engrossed: S3/12/15  
**A Bill**

SENATE BILL 925

By: Senator Files

By: Representative Rushing

### **For An Act To Be Entitled**

AN ACT TO CREATE THE BUSINESS RAPID RESPONSE TO STATE  
DISASTERS FACILITATION ACT; TO EXEMPT OUT-OF-STATE  
BUSINESSES AND THEIR EMPLOYEES FROM CERTAIN TAXES AND  
REGULATORY REQUIREMENTS DURING A DISASTER RESPONSE  
PERIOD; TO DECLARE AN EMERGENCY; AND FOR OTHER  
PURPOSES.

### **Subtitle**

TO EXEMPT OUT-OF-STATE BUSINESSES AND  
THEIR EMPLOYEES FROM CERTAIN TAXES AND  
REGULATORY REQUIREMENTS DURING A DISASTER  
RESPONSE PERIOD; AND TO DECLARE AN  
EMERGENCY.

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

SECTION 1. Arkansas Code Title 12 is amended to add an additional  
chapter to read as follows:

#### Chapter 88

#### Business Rapid Response to State Disasters Facilitation Act

##### 12-88-101. Title.

This chapter shall be known and may be cited as the "Business Rapid  
Response to State Disasters Facilitation Act".

##### 12-88-102. Legislative findings.



The General Assembly finds that:

(1) During times of storm, flood, fire, earthquake, hurricane, and other disasters or emergencies, many businesses bring resources and personnel from other states into Arkansas on a temporary basis to expedite the often enormous and overwhelming task of cleaning up, restoring, and repairing damaged buildings, equipment, and property and building replacement facilities in the state;

(2) These disaster-response activities may require out-of-state businesses, including out-of-state affiliates of businesses based in the state, to bring in resources, property, and personnel that previously have had no connection to the state to perform activities in the state, including without limitation repairing, renovating, installing, and building facilities and rendering services and other business activities for which personnel may be located in the state for extended periods of time;

(3) During the temporary period of time out-of-state businesses are operating in the state solely for the purpose of helping the state recover from a disaster or emergency, these out-of-state businesses and the individual employees of the out-of-state businesses should not be burdened by regulatory requirements and taxes that would normally apply to the activities that the out-of-state businesses and their employees are conducting in the state;

(4) The state's nexus and residency thresholds are intended for businesses and individuals in the state as part of the conduct of regular business operations and those who intend to reside in the state, and these thresholds should not be directed at out-of-state businesses and individuals coming into the state on a temporary basis to provide help and assistance in response to a declared state disaster or emergency; and

(5) To ensure that out-of-state businesses may focus on providing a quick response to the needs of the state and its citizens during a declared state disaster or emergency, it is appropriate for the General Assembly to determine that certain activities performed for a reasonable time before, during, and after a state disaster or emergency is declared to repair the often devastating damage to critical infrastructure in the state should not establish presence, residency, or doing business in the state or any other criteria for purposes of state and local taxes, licensing, and regulatory requirements.

12-88-103. Definitions.As used in this chapter:

(1) "Critical infrastructure" means property and equipment, including without limitation buildings, offices, lines, poles, pipes, and structures, owned or used by the following:

(A) A communications network;

(B) An electric generation, transmission, or distribution system;

(C) A gas distribution system;

(D) A water pipeline; or

(E) A support facility that is related to an entity listed in subdivisions (1)(A)–(D) of this section and services multiple customers or persons;

(2) "Declared state disaster or emergency" means a disaster or emergency event:

(A) For which a Governor's executive order or proclamation has been issued;

(B) For which a Presidential declaration of a major disaster or emergency has been issued; and

(C) Within the state:

(i) For which a good faith response effort is required; and

(ii) That the Director of the Arkansas Department of Emergency Management designates as a disaster or emergency upon request of and notification by a registered business;

(3) "Disaster-related or emergency-related work" means repairing, renovating, installing, building, and rendering services or other business activities that relate to critical infrastructure that has been damaged, impaired, or destroyed by a declared state disaster or emergency;

(4) "Disaster response period" means a period that begins ten (10) days before the first day of the earlier of the Governor's executive order or proclamation, the President's declaration of a major disaster or emergency, or designation by the director and extends until the later of sixty (60) calendar days after the declared state disaster or emergency or the date authorized by the director;

(5)(A) "Out-of-state business" means a business entity:

(i) That, except for providing disaster-related or emergency-related work:

(a) Has no presence in this state;

(b) Conducts no business in this state; and

(c) Has no registration, tax filing, or nexus in this state during the tax year immediately preceding the declared state disaster or emergency; and

(ii) The services of which are requested by a registered business, a state government, or a local government for purposes of performing disaster-related or emergency-related work in the state.

(B) "Out-of-state business" includes without limitation:

(i) A business entity that is affiliated with a registered business in the state solely through common ownership; and

(ii) The employees of the business entity;

(6) "Out-of-state employee" means an individual who does not work in the state except for providing disaster-related or emergency-related work during a disaster response period; and

(7) "Registered business" means a business entity that is registered to do business in Arkansas before the relevant declared state disaster or emergency occurs.

12-88-104. Exemptions from certain taxes and regulatory requirements.

(a)(1) An out-of-state business that conducts operations within the state for the purpose of performing work or services related to a declared state disaster or emergency during a disaster response period is exempt from:

(A) Registering, filing, and remitting state or local taxes; and

(B) Complying with state licensing, certification, and registration requirements.

(2) The exemptions provided in subdivision (a)(1) of this section apply to state and local business and occupational licensing and registration requirements and state and local taxes or fees, including without limitation:

(A) Unemployment insurance contributions;

(B) State and local occupational licensing fees and

privilege taxes;

(C) State and local income taxes;

(D) State and local sales and use taxes on property temporarily brought into the state for use during the disaster response period and subsequently removed from the state; and

(E) State licensing, certification, and registration requirements.

(3)(A) For purposes of a state or local tax on or measured by, in whole or in part, net or gross income or receipts, all activity of the out-of-state business that is conducted in this state under this chapter is exempt from filing requirements for the state or local tax, including without limitation any filing required for a unitary or combined group of which the out-of-state business may be a part.

(B) For the purpose of apportioning income, revenue, or receipts, the performance by an out-of-state business of disaster-related or emergency-related work under this chapter shall not be sourced to or otherwise impact or increase the amount of income, revenue, or receipts apportioned to this state.

(b) During a disaster response period, an out-of-state employee is not:

(1) Required to file or pay Arkansas income taxes;

(2) Subject to Arkansas income tax withholdings; or

(3) Required to file or pay any other state or local tax or fee, including related state or local employer withholding and remittance obligations but not including transaction taxes or fees described in § 12-88-105.

(c) However, out-of-state businesses and out-of-state employees are subject to any applicable ad valorem taxes.

12-88-105. Application of transaction taxes and fees.

An out-of-state business and an out-of-state employee shall pay state and local transaction taxes and fees, including without limitation:

(1) Motor fuel taxes;

(2) Distillate special fuel taxes;

(3) Sales and use taxes on materials and services consumed or used in the state;

(4) Hotel taxes;  
(5) Car rental taxes and fees; and  
(6) Any other tax or fee that applies to goods or services that the out-of-state business or out-of-state employee purchases for use or consumption in this state during the disaster response period, unless the tax or fee is otherwise exempt during the disaster response period.

12-88-106. Business or employee activity after disaster response period.

The exemptions provided under this chapter do not apply to an out-of-state business or out-of-state employee that remains in the state after a disaster response period with respect to activities conducted in this state after the disaster response period.

12-88-107. Notification required.

(a)(1) An out-of-state business that enters the state, upon request, shall provide to the Arkansas Department of Emergency Management a statement that the out-of-state business is in the state for the purpose of responding to a disaster or emergency.

(2) The statement required under subdivision (a)(1) of this section shall include the out-of-state business's:

- (A) Name;
- (B) State of domicile;
- (C) Principal business address;
- (D) Federal tax identification number;
- (E) Date of entry into the state; and
- (F) Contact information.

(b)(1) Upon request by the department, a registered business shall provide the information required in subsection (a) of this section for an affiliate that is an out-of-state business.

(2) In addition to the information required under subsection (a) of this section, the notification provided under subdivision (b)(1) of this section shall include the contact information for the registered business.

12-88-108. Supplemental.

This chapter is supplemental to the Arkansas Emergency Services Act of

1973, § 12-75-101 et seq., and any other law applicable to businesses and individuals acting as emergency responders.

12-88-109. Administration – Rules.

The Arkansas Department of Emergency Management shall:

(1)(A) Promulgate rules necessary to administer and implement this chapter.

(B) The Arkansas Department of Emergency Management shall consult with the Department of Finance and Administration in promulgating rules relating to the application of and exemption from state and local taxes to out-of-state businesses and out-of-state employees under this chapter;

(2) Develop and issue forms and procedures to facilitate the implementation of this chapter; and

(3) Maintain a public record of any designations of disasters or emergencies in the state.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that disasters and emergencies cause significant damage to Arkansas's economy and the residents of the state; that it is in the best interests of the state to enable people and businesses to repair the damage caused by disasters and emergencies as efficiently as possible; that it is in the best interests of the state to encourage people and businesses outside of Arkansas to aid the state in repairing damage caused by disasters and emergencies by removing certain tax and regulatory requirements; and that this act is immediately necessary for the efficient recovery of the state and its residents from disasters and emergencies. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

*/s/Files*

**APPROVED: 03/31/2015**