

**SENATE AMENDMENT 2 TO sb322.**

deleting lines 9 through 11 on page 1 and substituting therefor "THE ARKANSAS BIOTECHNOLOGY DEVELOPMENT AND TRAINING ACT OF 1997; AND"

AND

by deleting lines 16 and 17 on page 1 and substituting therefor "ECONOMIC DEVELOPMENT THROUGH BIOTECHNOLOGY; AND FOR OTHER"

AND

by inserting on line 23 on page 1 immediately after the word "biotechnology" a comma ",."

AND

by inserting on line 32 on page 1 a hyphen "-" between the words "high" and "paying"

AND

by inserting on line 33 on page 1 between the word "value" and "added" a hyphen "-"

AND

by deleting lines 13 through 25 on page 2 and substituting therefor

"(2) Cost means expenditures on or after the tax year beginning January 1, 1997:

(A) In the case of biotechnology facilities, all activities and costs associated with site-construction, expansion, improvement, renovation, or purchase of such facilities, including costs incurred in the purchase and installation of equipment, and support infrastructure;

(B) For the purpose of Higher Education Partnerships, costs and expenses of conducting qualified research through a cooperative research project with one or more state-supported institutions of higher education in Arkansas for the conduct of qualified research;

(C) For the purpose of Training, costs shall be limited to:

(i) A six-month period of training at the facility; or

(ii) The cost of tuition, books and fees for a program of secondary, undergraduate or post-graduate education in an accredited institution of higher learning.

(iii) The costs associated with subdivisions (C)(1) and (C)(2) eligible for the tax

credit shall not include salaries and wages of the employees being trained. Total costs for training shall not exceed ten thousand dollars (\$10,000) per employee;

(D) In the case of transfer of title or finance lease, the amount of the purchase price; or

(E) In the case of a lease which is not a finance lease but which otherwise qualifies as a purchase under this section, the amount of the lease payments due to be paid during the term of the lease after deducting any portion of the lease payments attributable to interest, insurance and taxes."

AND

by deleting lines 28 through 31 on page 2 and substituting therefor "(4) Higher Education Partnerships means any cooperative research project defined by terms of a written agreement whereby companies engaged in the business of biotechnology contract with state-supported institutions of higher learning in Arkansas for the conduct of qualified research."

AND

by deleting lines 2 through 11 on page 3

AND

by deleting lines 12 and 13 on page 3 and substituting therefor "(7) Qualified Research means scientific research and development in the field of biotechnology, including experimental or laboratory activity to develop new products, improve existing products, or develop new uses of products, but only to the extent that activity is conducted"

AND

by deleting lines 18 and 19 on page 3 and substituting therefor "of practical application. Qualified research does not include tests or inspection of materials or products for quality control, efficiency surveys, management studies, or other market research, or any other ordinary and necessary expenses of conducting business."

AND

by deleting lines 20 through 22 and substituting therefor "(8) Training means employer-paid training within Arkansas that is necessary to prepare employees to work in biotechnology."

by inserting the additional subdivisions on line 23 on page 3 to read as follows:

"(9) Base year qualified research costs means the costs of qualified research for the 1996 tax year. For any new taxpayer or taxpayer not required to file an Arkansas tax return in 1996, the base year qualified research cost shall be zero dollars (\$0).

(10) Credit year means:

(A) The tax year in which the costs of qualified facilities are incurred or the tax year in which such facilities are completed; or

(B) The tax year in which the costs of qualified research, training, or Higher Education Partnerships are incurred.

(11) Biotechnology Facilities means facilities and equipment required to carry out Qualified Research."

AND

by inserting on line 24 on page 3 the word "income" between the words "the" and "tax"

AND

by deleting lines 26 through 29 on page 3 and substituting therefor "(b) of this section for any Arkansas taxpayer for the cost of biotechnology facilities."

AND

by deleting lines 31 and 32 on page 3 and substituting therefor "(20%) of the cost of such facility."

AND

by deleting lines 35 and 36 on page 3

AND

by deleting lines 1 and 2 on page 4

AND

by deleting on line 3 on page 4 the word "(e)" and substituting therefor "(d)"

AND

by deleting lines 24 through 28 on page 4

AND

by deleting on line 29 on page 4 the word "(c)" and substituting therefor "(b)"

AND

by deleting lines 32 through 35 on page 4

AND

by inserting on line 1 on page 5 the word "income" between the words "the" and "tax"

AND

by deleting lines 8 and 9 on page 5 and substituting therefor "(b) The amount of the credit allowed shall be twenty percent (20%) of the amount that the cost of qualified research exceeds the cost of such research in the base year."

AND

by deleting lines 10 through 13 on page 5

AND

by deleting lines 15 through 18 on page 5 and substituting therefor

"SECTION 6. (a) The income tax credits provided herein shall be used to offset the first fifty thousand dollars (\$50,000) of income tax liability arising during the credit year, and fifty percent (50%) of any remaining income tax liability for the year. Any unused credit may be carried forward for a maximum of nine (9) taxable years after the credit year in which the credit originated.

(b)(1) The taxpayer shall refund the amount of the tax credit determined by subdivision (b)(2) of this section if, within nine (9) years of the taxable year for which the credit is allowed:

(A) The biotechnology facility ceases to be used or operated in the manner required

by this section; and

(B) The Arkansas Industrial Development Commission and the Department of Finance and Administration find that the taxpayer has ceased to qualify for tax credits under the provisions of this act.

(2) If the provisions of this section apply, the taxpayer shall refund the amount of the tax credit which was deducted from income tax liability which exceeds the following amounts:

(A) Within the first three (3) years, zero dollars (\$0);

(B) Within years four (4) through six (6), an amount equal to thirty-three percent (33%) of the amount of the credit allowed; and

(C) Within years seven (7) through nine (9), an amount equal to sixty-seven percent (67%) of the credit allowed.

(3) Any refund required by this section shall apply only to the particular credit given."

AND

by deleting line 33 on page 5 and substituting therefor

"SECTION 8. (a) The Arkansas Industrial Development Commission, or its successor, and the Revenue Division of the Department of Finance and Administration shall promulgate"

AND

by inserting on line 2 on page 6 the words "(b) In order to determine eligibility for the credit or to insure that the facility or equipment is being utilized in the required manner, each agency shall have the right to inspect facilities and records of a taxpayer requesting or receiving a credit under this act."

AND

by deleting lines 23 through 27 on page 6 and substituting therefor "become effective for taxable year beginning on and after January 1, 1997."