

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Senator Fitch

SENATE BILL 425

"AN ACT TO REDUCE THE INCOME TAX CREDIT ALLOWED BY THE ARKANSAS ENTERPRISE ZONE ACT FROM \$2,000.00 PER NET NEW EMPLOYEE TO \$1,200.00 PER NET NEW EMPLOYEE FOR THOSE NEW EMPLOYEES HIRED ON OR AFTER JULY 1, 1987; TO INCREASE THE TIME THE CREDIT MAY BE CARRIED FORWARD, TO LIMIT THE KIND OF BUSINESSES WHICH QUALIFY FOR ENTERPRISE ZONE CREDIT, TO REPEAL THE ARKANSAS NEW JOBS INCOME TAX CREDIT PROVIDED BY ACT 785 OF 1983; AND FOR OTHER PURPOSES."

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

SECTION 1. Sections 7 (c) of Acts 740 and 813 of 1983, as amended, the same being Ark. Stat. Ann. §9-1707(c) is amended to read as follows:

"(c) The Department, after consultation with the Director of the Department of Finance and Administration, shall authorize, by letter to the Revenue Division of the Department of Finance and Administration a two thousand dollar (\$2,000.00) income tax credit per net new employee, as determined by the company's average annual employment as reported to the Employment Security Division. This tax credit shall be used for the taxable year in which the increase in average annual employment occurred. However, if the entire credit cannot be used in the year earned, the remainder may be applied against the income tax for the succeeding two (2) years or until the entire credit is used, whichever occurs first. On or after July 1, 1987, the income tax credit provided for under this Section shall be one thousand two hundred dollars (\$1,200.00) per net new employee. If the entire credit earned for jobs created on and after July 1, 1987 cannot be used in the year earned, the remainder may be applied against the income tax for the succeeding six (6) years or until the entire credit is used, whichever occurs first."

SECTION 2. Subsection (b) of Section 7 of Act 740 of 1983 and Act 813 of 1983, the same being Ark. Stat. Ann. §9-1707(b) is hereby amended by adding a new paragraph at the end thereof to read as follows:

"(6) No business shall qualify for the benefits provided by this Act unless the business is a manufacturing business which is classified as manufacturing in the Federal Standard Industrial Classification Codes 20-39 or is a distribution center for distribution of goods only to outlets owned by the same person, company or corporation which owns the distribution center. Provided, that a business which has qualified prior to July 1, 1987 shall remain qualified although not meeting the requirements of this paragraph."

SECTION 3. Act 785 of 1983, the same being Ark. Stat. Ann. §84-2021.18-.23, which grants a credit against Arkansas Income Tax for the creation of new jobs, is hereby repealed. Provided, that taxpayers entitled to claim credit under Act 785 of 1983, for jobs created prior to the effective date of this Act shall be entitled to claim and carry forward such credit under the provisions of Act 785 of 1983.

SECTION 4. It is hereby found and determined by the General Assembly that the State of Arkansas is in serious danger of losing revenues which are necessary to provide adequate funding for schools and other essential services required by the citizens of this State and the provisions of this Act are necessary to avoid a substantial reduction in State revenues. Therefore, an emergency is hereby declared to exist, and this Act being necessary for the immediate preservation of the public peace, health, and safety, shall be in full force and effect from and after July 1, 1987.

