

State of Arkansas  
91st General Assembly  
Regular Session, 2017

# A Bill

HOUSE BILL 1768

By: Representative Tucker

## For An Act To Be Entitled

AN ACT TO CREATE AN INCOME TAX CREDIT FOR INVESTMENTS  
IN SMALL ARKANSAS-BASED HIGH-TECHNOLOGY BUSINESSES;  
AND FOR OTHER PURPOSES.

### Subtitle

TO CREATE AN INCOME TAX CREDIT FOR  
INVESTMENTS IN SMALL ARKANSAS-BASED HIGH-  
TECHNOLOGY BUSINESSES.

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

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5, is amended to add an additional section to read as follows:

26-51-515. Small Arkansas-based high-technology business investment.

(a) As used in this section:

(1) "Qualified investment" means the nonrefundable investment of cash, at risk in a small Arkansas-based high-technology business, that is transferred to the small Arkansas-based high-technology business by a taxpayer that is not in control of the small Arkansas-based high-technology business, the transfer of which is in connection with a transaction in exchange for stock, interests in partnerships or joint ventures, exclusive or nonexclusive licenses, rights to use technology, marketing rights, warrants, options, or any similar items; and

(2) "Small Arkansas-based high-technology business" means a business that:

(A) Is in an industry employing new or state-of-the-art technology in biotechnology, marine science technology, pharmaceuticals,



clean and renewable energy technology, vehicles powered by clean and renewable energy, defense and homeland security-related technologies, advanced materials, electronics, nanotechnology, environmental, medical device, information technology, plastics and polymers, telecommunications industries involved in the research and development of state-of-the-art medication delivery devices, or any other technological field or industry classified as an emerging technology;

(B) Maintains its principal place of business in Arkansas;  
and

(C) Has fewer than two hundred twenty-five (225) employees, of whom seventy-five percent (75%) are Arkansas-based employees filling a position or job in the state.

(b)(1) There is allowed an income tax credit against the income tax imposed by this chapter in the amount equal to ten percent (10%) of a qualified investment made by a taxpayer in the initial year of investment or during any of the three (3) subsequent taxable years.

(2) The income tax credit allowed under this section shall not exceed:

(A) Fifty thousand dollars (\$50,000) in a taxable year for all qualified investments made by a taxpayer; and

(B) A total of one million five hundred thousand dollars (\$1,500,000) for all income tax credits allowed under this section each tax year.

(c) The amount of the income tax credit under this section that may be claimed by the taxpayer in a tax year shall not exceed the amount of income tax due by the taxpayer.

(d) Any unused income tax credit under this section may be carried forward indefinitely.

(e) If the small Arkansas-based high-technology business on which an income tax credit under this section is based ceases to have its principal place of business in the state during the three-year period during which the income tax credit is allowed, the taxpayer shall not claim any further income tax credits under this section and shall repay the total amount of income tax credits claimed under this section to the state.

(f) A taxpayer claiming an income tax credit earned under this section shall not claim any other income tax credit that would otherwise be allowed

for the same expenditures.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on and after January 1, 2017.