

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

SENATE BILL 480

By: Senator J. Dismang

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE CALCULATION OF INCOME TAX DUE FOR NONRESIDENTS, PART-YEAR RESIDENTS, AND PASS-THROUGH ENTITIES; TO AMEND THE INCOME TAX LAWS TO ALLOW ALL TAXPAYERS TO RECEIVE A DOLLAR-FOR-DOLLAR INCOME TAX CREDIT FROM ECONOMIC DEVELOPMENT TAX CREDITS; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE INCOME TAX LAWS TO ALLOW ALL TAXPAYERS TO RECEIVE A DOLLAR-FOR-DOLLAR INCOME TAX CREDIT FROM ECONOMIC DEVELOPMENT TAX CREDITS.

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

SECTION 1. Arkansas Code § 26-51-435(c)-(e), concerning the computation of income tax for nonresidents and part-year residents, are amended to read as follows:

(c) From the tax liability computed in subsection (b) of this section there shall be deducted all allowable credits other than the tax credits listed in subdivision (e)(2) of this section to determine the amount of tax due.

(d)(1) Nonresidents shall divide adjusted gross income from Arkansas sources by the adjusted gross income from all sources to arrive at the applicable percentage that Arkansas adjusted gross income represents of all adjusted gross income received by the taxpayer in the income year.

(2) Part-year residents shall divide adjusted gross income



received while an Arkansas resident by the adjusted gross income from all sources to arrive at the applicable percentage that the adjusted gross income received while an Arkansas resident represents of all adjusted gross income received by the taxpayer in the income year.

(e) ~~Nonresidents~~ To determine the amount of income tax that shall be paid to the State of Arkansas, nonresidents and part-year residents shall: multiply

(1) Multiply the amount computed in subsection (c) of this section by the applicable percentage from subsection (d) of this section ~~in order to determine the amount of income tax which must be paid to the State of Arkansas;~~ and

(2) Deduct the income tax credits allowed under the following economic development programs, if any, from the amount calculated under subdivision (e)(1) of this section:

(A) Advantage Arkansas, § 15-4-2705;

(B) The Affordable Neighborhood Housing Tax Credit Act of 1997, § 15-5-1301 et seq.;

(C) Apprenticeship program, § 26-51-509;

(D) The Arkansas Economic Development Act of 1995, § 15-4-1901 et seq.;

(E) The Arkansas Enterprise Zone Act of 1993, § 15-4-1701 et seq.;

(F) The Arkansas Existing Workforce Training Act of 1995, § 6-50-701 et seq.;

(G) The Arkansas Historic Rehabilitation Income Tax Credit Act, § 26-51-2201 et seq.;

(H) The Arkansas Private Wetland and Riparian Zone Creation, Restoration, and Conservation Tax Credits Act, § 26-51-1501 et seq.;

(I) The Arkansas Public Roads Improvements Credit Act, § 15-4-2301 et seq.;

(J) The Arkansas Tourism Development Act, § 15-11-501 et seq.;

(K) ArkPlus, § 15-4-2706(b);

(L) The Biodiesel Incentive Act, § 15-4-2801 et seq.;

(M) Coal mining, producing, and extracting credit, § 26-

51-511;

(N) Donation or sale of equipment to educational institutions credit, § 26-51-1102(a);

(O) Employee tuition reimbursement credit, § 26-51-1901 et seq.;

(P) Employer-provided childcare credit, § 26-51-508;

(Q) The Equity Investment Incentive Act of 2007, § 15-4-3301 et seq.;

(R) The Family Savings Initiative Act, § 20-86-101 et seq.;

(S) Low-income housing credit, § 26-51-1702;

(T) Qualified research expenditures credit, § 26-51-1102(b);

(U) Research and development credits, § 15-4-2708;

(V) Research park authority credit, § 26-51-1102(c);

(W) Rice straw credit, § 26-51-512;

(X) Targeted business payroll credit, § 15-4-2709;

(Y) The Venture Capital Investment Act of 2001, § 15-5-1401 et seq.;

(Z) Waste reduction, reuse, or recycling equipment credit, § 26-51-506; and

(AA) The Water Resource Conservation and Development Incentives Act, § 26-51-1001 et seq.

SECTION 2. Arkansas Code § 26-51-919(d), concerning income tax withholding for pass-through entities, is amended to add an additional subdivision to read as follows:

(5) In calculating the tax due for a composite income tax return, a pass-through entity may apply the income tax credits allowed under the economic development programs listed in § 26-51-435(e)(2).

SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective for tax years beginning on or after January 1, 2020.