

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013

A Bill

HOUSE BILL 1007

4
5 By: Representative D. Altes

For An Act To Be Entitled

8 AN ACT TO CREATE THE ARKANSAS CAPITAL GAINS REDUCTION
9 ACT OF 2013; AND FOR OTHER PURPOSES.

Subtitle

12 TO CREATE THE ARKANSAS CAPITAL GAINS
14 REDUCTION ACT OF 2013.

16
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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19 SECTION 1. This act shall be known as the "Arkansas Capital Gains
20 Reduction Act of 2013".

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22 SECTION 2. Arkansas Code § 26-51-815 is amended to add an additional
23 subsection to read as follows:

24 (e)(1) As used in subdivision (e)(2) of this section:

25 (A) "Arkansas property" means:

26 (i) Real property located entirely within the state;

27 (ii) Tangible property located entirely within the
28 state for at least one (1) uninterrupted year before the date of the sale
29 from which the net capital gain arose;

30 (iii) Intangible property of a corporation, limited
31 liability company, partnership, or other legal entity that has its primary
32 headquarters located in the state for at least one (1) uninterrupted year
33 before the date of the sale from which the net capital gain arose; and

34 (iv) Stock or other ownership interest in a
35 corporation, limited liability company, partnership, or other legal entity
36 that has its primary headquarters located in the state for at least one (1)



1 uninterrupted year before the date of the sale from which the net capital
 2 gain arose;

3 (B) "Directly" means the taxpayer has direct ownership of
 4 the asset;

5 (C) "Indirectly" means the taxpayer owns an interest in a
 6 pass-through entity or chain of pass-through entities that sells the asset
 7 that gives rise to the net capital gain; and

8 (D) "Net capital gain" includes without limitation net
 9 capital gains of all corporations, C corporations, limited liability
 10 companies, partnerships, and other legal entities.

11 (2) If a taxpayer has a net capital gain from the sale of
 12 Arkansas property, one hundred percent (100%) of the net capital gain is
 13 exempt from the Income Tax Act of 1929, § 26-51-101 et seq., if the Arkansas
 14 property from which the net capital gain arose was:

15 (A) Acquired by the taxpayer after July 1, 2013; and

16 (B) Owned directly or indirectly by the taxpayer for more
 17 than one (1) uninterrupted year before the sale.

18 (3) The Director of the Department of Finance and Administration
 19 shall promulgate rules to implement this subsection.

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 21 SECTION 3. EFFECTIVE DATE. This act is effective for tax years
 22 beginning on or after January 1, 2014.