

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1760

5 By: Representatives Summers, Woods
6

For An Act To Be Entitled

8 AN ACT TO CREATE ARTS AND CULTURAL DISTRICTS; TO
9 PROVIDE INCENTIVES FOR THE CREATION OF ARTS AND
10 CULTURAL DISTRICTS; AND FOR OTHER PURPOSES.
11

Subtitle

12
13
14 TO CREATE ARTS AND CULTURAL DISTRICTS AND
15 TO PROVIDE INCENTIVES FOR THE CREATION OF
16 ARTS AND CULTURAL DISTRICTS.
17

18
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
20

21 SECTION 1. Arkansas Code Title 15, Chapter 11, is amended to add an
22 additional subchapter to read as follows:

23 Subchapter 8 – Arkansas Arts and Cultural Districts Act
24

25 15-11-801. Title.

26 This subchapter shall be known as the "Arkansas Arts and Cultural
27 Districts Act".
28

29 15-11-802. Definitions.

30 As used in this subchapter:

31 (1) "Artistic work" means an original and creative work that:

32 (A) Is created, written, composed, or executed; and

33 (B) Falls into one (1) or more of the following

34 categories:

35 (i) A book or other writing;

36 (ii) A play or performance of a play;



1 (iii) An instrumental or vocal musical composition
 2 or the performance of an instrumental or vocal musical composition;

3 (iv) A painting or other picture;

4 (v) A sculpture;

5 (vi) A traditional or fine craft;

6 (vii) The creation of a film or television
 7 production or the acting within a film or television production;

8 (viii) The creation of a dance or the performance of
 9 a dance;

10 (ix) The creation of original jewelry, clothing,
 11 costumes, or clothing or costume design; or

12 (x) Any other product generated as a result of a
 13 work listed in subdivisions (1)(B)(i)-(ix) of this section;

14 (2) "Arts and cultural district" means a developed district of
 15 public and private uses that:

16 (A) Is well recognized as an area in which there is a high
 17 concentration of arts and cultural resources that serve as an anchor
 18 attraction; and

19 (B) Ranges in size from a portion of a city or county to a
 20 regional district with a special coherence;

21 (3) "Arts and cultural enterprise" means a for-profit or not-
 22 for-profit entity dedicated to visual or performing arts; and

23 (4) "Qualifying residing artist" means an individual who:

24 (A) Owns or rents residential real property in the county
 25 in which the arts and cultural district is located;

26 (B) Conducts a business in the arts and cultural district;
 27 and

28 (C) Derives income from the sale or performance within the
 29 arts and cultural district of an artistic work that the individual wrote,
 30 composed, executed, or otherwise created, either alone or with others, in the
 31 arts and cultural district.

32
 33 15-11-803. Applicability.

34 This subchapter does not apply to:

35 (1) The creation or execution of artistic work for industry-
 36 oriented or industry-related production; or

1 (2) Tailoring services, clothing alteration, or jewelry repair.

2
3 15-11-804. Creation of arts and cultural districts.

4 (a) The following may apply to the Arkansas Arts Council to designate
5 an arts and cultural district:

6 (1) A city or county for an area within the city or county;

7 (2) With the prior consent of the city, a county, on its own
8 behalf or on behalf of a city, for an area in the city; or

9 (3) Two (2) or more cities or counties jointly for an area at
10 least partially located in each city or county.

11 (b) The application shall:

12 (1) Be in the form and manner and contain the information
13 required by the council;

14 (2) Contain sufficient information to allow the council to
15 determine if the proposed district qualifies under § 15-11-802(2); and

16 (3) Be submitted for a city or county by the chief elected
17 officer or, if none, the governing body of the city or county.

18
19 15-11-805. Tax incentives.

20 In an arts and cultural district:

21 (1) The property tax credit under § 26-26-1125 applies;

22 (2) Each qualifying residing artist is eligible for the income
23 tax exemption under § 26-51-313; and

24 (3) The sales and use tax exemption under § 26-52-444 applies.

25
26 15-11-806. Rules.

27 The Arkansas Arts Council shall promulgate rules to implement this
28 subchapter.

29
30 SECTION 2. Arkansas Code Title 26, Chapter 26, Subchapter 11 is
31 amended to add an additional section to read as follows:

32 26-26-1125. Adjustment for arts and cultural property.

33 (a) As used in this section, "arts and cultural district", "arts and
34 cultural enterprise", and "qualifying residing artist" mean the same as
35 defined in § 15-11-802.

36 (b)(1)(A) For property that is wholly or partially constructed or

1 renovated for use by a qualifying residing artist or an arts and cultural
2 enterprise located within an arts and cultural district there is allowed a
3 credit against the real property taxes assessed on the property in the amount
4 of the real property tax that is assessed on the value of the new
5 construction or renovation.

6 (B) However, the property tax credit under this section is
7 applied only to property on which at least five thousand dollars (\$5,000) of
8 construction or renovation has been spent to make the property capable for
9 use by a qualifying residing artist or an arts and cultural enterprise.

10 (2) The property tax credit under this section is allowed for a
11 maximum of ten (10) consecutive years from the tax year in which the property
12 tax credit was earned.

13 (c) Each property owner shall register with the county assessor proof
14 of eligibility for the property tax credit under this section if the property
15 owner intends to claim a property tax credit under this section.

16 (d) The property tax credit under this section for a tax year shall:

17 (1) Not be allowed after October 10 of the year after
18 assessment; and

19 (2) Be reflected on the property tax bill sent to the property
20 owner by the county collector.

21
22 SECTION 3. Arkansas Code Title 26, Chapter 51, Subchapter 3 is amended
23 to add an additional section to read as follows:

24 26-51-313. Income from the sale of artistic works.

25 (a) As used in this section, "artistic works", "arts and cultural
26 district", and "qualifying residing artist" mean the same as defined in § 15-
27 11-802.

28 (b)(1) Income from the sale, publication, or production of an artistic
29 work written, composed, executed, or otherwise created within an arts and
30 cultural district by a qualified residing artist is exempt from the income
31 tax levied under the Income Tax Act of 1929, § 26-51-101 et seq.

32 (2) The exemption allowed under this section includes without
33 limitation income derived from Internet, mail-order, and catalog sales of
34 artistic works that are shipped from within the arts and cultural district to
35 purchasers outside of the arts and cultural district if the qualifying
36 residing artist created the artistic work within the arts and cultural

1 district.

2
 3 SECTION 4. Arkansas Code Title 26, Chapter 52, Subchapter 4 is amended
 4 to add an additional section to read as follows:

5 26-52-444. Sales by qualifying residing artists and galleries.

6 (a) As used in this section, "artistic works", "arts and cultural
 7 district", and "qualifying residing artist" mean the same as defined in § 15-
 8 11-802.

9 (b) The gross receipts or gross proceeds derived from the sale of the
 10 following artistic works are exempt from the gross receipts tax levied by the
 11 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the
 12 compensating use tax levied by the Arkansas Compensating Tax Act of 1949, §
 13 26-53-101 et seq.:

14 (1) An artistic work created by a qualified residing artist
 15 within the arts and cultural district; and

16 (2) An original, one-of-a-kind artistic work sold by a gallery
 17 within an arts and cultural district.

18
 19 SECTION 5. EFFECTIVE DATES.

20 (a) Section 2 of this act is effective for assessment years beginning
 21 on or after January 1, 2011.

22 (b) Section 3 of this act is effective for tax years beginning on or
 23 after January 1, 2011.

24 (c) Section 4 of this act is effective on the first day of the
 25 calendar quarter following the effective date of this act.