

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025

# A Bill

HOUSE BILL 1216

4  
5 By: Representative Long  
6  
7

## For An Act To Be Entitled

8  
9 AN ACT TO CREATE THE FREE MARKET ZONES ACT; TO  
10 PROVIDE TAX INCENTIVES FOR BUSINESS ENTITIES LOCATED  
11 IN AN OPPORTUNITY ZONE; TO EXEMPT A BUSINESS LOCATED  
12 IN AN OPPORTUNITY ZONE FROM THE INCOME TAX, THE  
13 CORPORATE FRANCHISE TAX, AND THE ELECTIVE PASS-  
14 THROUGH ENTITY TAX; AND FOR OTHER PURPOSES.  
15

## Subtitle

16  
17  
18 TO CREATE THE FREE MARKET ZONES ACT; AND  
19 TO EXEMPT A BUSINESS LOCATED IN AN  
20 OPPORTUNITY ZONE FROM THE INCOME TAX,  
21 THE CORPORATE FRANCHISE TAX, AND THE  
22 ELECTIVE PASS-THROUGH ENTITY TAX.  
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
25

26 SECTION 1. DO NOT CODIFY. Title.

27 This act shall be known and may be cited as the "Free Market Zones  
28 Act".  
29

30 SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 3, is  
31 amended to add an additional section to read as follows:

32 26-51-317. Business located in opportunity zone – Definition.

33 (a) As used in this section, "opportunity zone" means a population  
34 census tract located in Arkansas that is designated as a qualified  
35 opportunity zone under 26 U.S.C. § 1400Z-1, as of January 1, 2019.

36 (b) There is allowed an exemption from the income tax imposed by this



1 chapter for a business entity that is:

2 (1) Located in an opportunity zone; and

3 (2) Required to file a corporate income tax return under this  
 4 chapter.

5

6 SECTION 3. Arkansas Code § 26-51-460 is repealed.

7 ~~26-51-460. Opportunity zones — Definition.~~

8 ~~(a) Except as provided in subsection (b) of this section, 26 U.S.C. §~~  
 9 ~~1400Z-2, as in effect on January 1, 2018, regarding opportunity zones, is~~  
 10 ~~adopted for the purpose of computing Arkansas income tax liability.~~

11 ~~(b) As used in this section and for purposes of the adoption of 26~~  
 12 ~~U.S.C. § 1400Z-2, “opportunity zone” means a population census tract located~~  
 13 ~~in Arkansas that is designated as a qualified opportunity zone under 26~~  
 14 ~~U.S.C. § 1400Z-1, as of January 1, 2019.~~

15

16 SECTION 4. Arkansas Code § 26-54-102(b), concerning the entities that  
 17 are not included in the definition of "corporation" under the Arkansas  
 18 Corporate Franchise Tax Act of 1979, is amended to add an additional  
 19 subdivision to read as follows:

20 (4) A business entity that is:

21 (A) Located in an opportunity zone, as defined in § 26-51-  
 22 317; and

23 (B) Required to file a:

24 (i) Corporate income tax return under the Income Tax  
 25 Act of 1929, § 26-51-101 et seq.; or

26 (ii) A tax return under the Elective Pass-Through  
 27 Entity Tax Act, § 26-65-101 et seq.

28

29 SECTION 5. Arkansas Code Title 26, Chapter 65, Subchapter 1, is  
 30 amended to add an additional section to read as follows:

31 26-65-109. Exemption for business located in opportunity zone —  
 32 Definition.

33 (a) As used in this section, “opportunity zone” means a population  
 34 census tract located in Arkansas that is designated as a qualified  
 35 opportunity zone under 26 U.S.C. § 1400Z-1, as of January 1, 2019.

36 (b) There is allowed an exemption from the tax imposed by this chapter

1 for a business entity that is:

2 (1) Located in an opportunity zone; and

3 (2) Subject to the tax levied under this chapter.

4

5 SECTION 6. EFFECTIVE DATE. Sections 1-5 of this act are effective for  
6 tax years beginning on or after January 1, 2025.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36