

ARKANSAS SENATE
84th General Assembly - Regular Session, 2003
Amendment Form

Subtitle of Senate Bill No. 801

"AN ACT TO IMPOSE A SIX AND ONE-HALF PERCENT (6½%) FLAT TAX ON
CORPORATIONS WITH TOTAL NET INCOME EXCEEDING ONE HUNDRED
THOUSAND DOLLARS (\$100,000)."

Amendment No. 1 to Senate Bill No. 801.

Amend Senate Bill No. 801 as originally introduced:

Delete everything after the enacting clause and substitute the following:

“SECTION 1. Arkansas Code § 26-51-205 is amended to read as follows:
26-51-205. Corporations - Work Force 2000 Development Fund.

(a) ~~Every~~ Except as provided in subdivision (a)(1) of this section,
every corporation organized under the laws of this state shall pay annually
an income tax with respect to carrying on or doing business on the entire net
income of the corporation, as now defined by the laws of the State of
Arkansas, received by such corporation during the income year, on the
following basis:

(1) On the first \$3,000 of net income or any part thereof	1 %
On the second \$3,000 net income or any part thereof	2 %
On the next \$5,000 of net income or any part thereof	3 %
On the next \$14,000 of net income or any part thereof	5 %
On the next \$75,000 of net income or any part thereof,	
but not exceeding \$100,000	6 %

(2) ~~On net income exceeding \$100,000, a flat rate of six and one-~~
~~half (6 1/2 %) percent shall be applied to the entire net income. If the~~
~~total net income of a corporation exceeds one hundred thousand dollars~~
~~(\$100,000), then instead of the tax imposed by § 26-51-205(a)(1), there is~~
~~imposed a tax of six and one-half percent (6.5%) on the entire net income of~~
~~the corporation.~~

(b) ~~Every~~ Except as provided in subdivision (a)(2) of this section,
every foreign corporation doing business within the jurisdiction of this
state shall pay annually an income tax on the proportion of its entire net
income as now determined by the income tax laws of Arkansas, on the following
basis:

(1) On the first \$3,000 of net income or any part thereof	1 %
On the second \$3,000 of net income or any part thereof	2 %
On the next \$5,000 of net income or any part thereof	3 %
On the next \$14,000 of net income or any part thereof	5 %



On the next \$75,000 of net income or any part thereof,
but not exceeding \$100,000

6 %

~~(2) On net income exceeding \$100,000, a flat rate of six and one-half percent (6 1/2%) shall be applied to the entire net income. If the total net income of a corporation exceeds one hundred thousand dollars (\$100,000), then instead of the tax imposed by § 26-51-205(b)(1), there is imposed a tax of six and one-half percent (6.5%) on the entire net income of the corporation.~~

(c)(1) There is hereby created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a fund to be known as the "Work Force 2000 Development Fund." This fund shall consist of those special revenues as specified in § 26-51-205(c)(2) and all other revenues as may be authorized by law.

(2)(A) The Revenue Services Division of the Department of Finance and Administration shall deposit the funds collected under the provisions of this section for corporate income tax into the State Treasury, there to be credited to the Revenue Holding Fund Account of the State Apportionment Fund.

~~(B)(i) For each of the state's fiscal years, the Chief Fiscal Officer of the State shall determine as an annual allocation available under the provisions of this section an amount based on the total net revenues, as enumerated in § 26-51-205(a) and (b), which were collected in the immediate past year, multiplied by a factor of six hundred seventy-eight ten thousandths (.0678). On the last day of each month of the respective fiscal year, the Chief Fiscal Officer of the State shall certify to the Treasurer of State an amount based on one twelfth (1/12) of the annual allocation provided in this section for transfer as specified in § 26-51-205(c)(2)(B)(ii).~~

~~(ii) (B)(i) The On the last day of each month, the Treasurer of State shall then transfer the amount so certified one million dollars (\$1,000,000) to the Special Revenue Fund Account as part of the gross special revenues.~~

~~(iii)(ii) After the deductions as set out in § 19-5-203 have been made, the remaining amount shall be credited to the "Work Force 2000 Development Fund."~~

~~(iv)(iii) The remaining corporate income tax collections remaining in the Revenue Holding Fund Account shall be credited to the General Revenue Fund Account of the State Apportionment Fund, there to be distributed with the other gross general revenue collections for that month in accordance with the provisions of the Revenue Stabilization Law § 19-5-201 et seq.~~

(d)(1) All proceeds ~~derived from the additional tax levied by this section~~ transferred to the Work Force 2000 Development Fund shall be used exclusively for the authorized educational activities of:

(A) Any postsecondary vocational-technical school, technical institute, comprehensive lifelong learning center, technical college, community college; or

(B) Any postsecondary vocational-technical school, technical institute, comprehensive lifelong learning center, or technical college that merges with a two-year branch of a four-year institution, a four-year institution, a technical college, or a community college.

(2) The distribution of the proceeds shall be supervised by the State Board of Workforce Education and Career Opportunities for the

postsecondary vocational-technical schools, technical institutes, and comprehensive lifelong learning centers. The distribution of the proceeds for technical colleges, community colleges, or any postsecondary vocational-technical school, technical institute, comprehensive lifelong learning center, or technical college that merges with a two-year branch of a four-year institution, a four-year institution, a technical college, or a community college shall continue at the same proportion as those distributions made in fiscal year 1996-97, excluding one-time capital disbursements and professional development disbursements made in fiscal year 1996-97 equal to the amount of funds distributed in fiscal year 1998-99. Any increase in the amount of funds in the Work Force 2000 Development Fund above the amount distributed in fiscal year 1998-99 shall be supervised by the Arkansas Higher Education Coordinating Board and shall be distributed after a review of needs including, but not limited to, equity considerations and workforce development and after consultation with the presidents and chancellors of the technical and former technical colleges.

SECTION 2. This act shall become effective for tax years beginning on or after January 1, 2003."

The Amendment was read the first time, rules suspended and read the second time and _____
By: Revenue & Tax - Senate
LDH/JMB - 031120031222
JMB327 _____
Secretary