

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015  
4

*As Engrossed: H3/17/15*

# A Bill

HOUSE BILL 1718

5 By: Representative Baine  
6 *By: Senator B. Pierce*  
7

## For An Act To Be Entitled

9 AN ACT TO PROVIDE INCENTIVES FOR THE DEVELOPMENT OF  
10 AN ENTERTAINMENT DISTRICT; TO *CREATE THE ARKANSAS*  
11 *ENTERTAINMENT DISTRICT ACT*; AND FOR OTHER PURPOSES.  
12  
13

## Subtitle

15 *TO PROVIDE INCENTIVES FOR THE DEVELOPMENT*  
16 *OF AN ENTERTAINMENT DISTRICT; AND TO*  
17 *CREATE THE ARKANSAS ENTERTAINMENT*  
18 *DISTRICT ACT.*  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 *SECTION 1. Arkansas Code Title 15, Chapter 11, is amended to add an*  
24 *additional subchapter to read as follows:*

25 *Subchapter 10 – Arkansas Entertainment District Act*  
26

27 *15-11-1001. Title.*

28 *This subchapter shall be known and may be cited as the "Arkansas*  
29 *Entertainment District Act".*  
30

31 *15-11-1002. Definitions.*

32 *As used in this subchapter:*

33 *(1) "Entertainment district" means a district for public and*  
34 *private uses that is developed for the purpose of serving as an anchor*  
35 *attraction consisting of various entertainment services and venues;*

36 *(2) "Entertainment item" means tangible personal property or*



1 services offered primarily for the purposes of entertainment within an  
2 entertainment district, including without limitation the following:

3 (A) A ticket to an entertainment event, such as a concert,  
4 show, or theater production;

5 (B) An admission fee or ticket for entrance to an  
6 entertainment venue, such as an amusement park or museum;

7 (C) Tangible personal property related to the  
8 entertainment district or an entertainment event or entertainment venue that  
9 takes place in the entertainment district, such as souvenirs, memorabilia, or  
10 clothing containing the logo of the entertainment district, entertainment  
11 event, or entertainment venue; and

12 (D) Food items sold at an entertainment event or  
13 entertainment venue; and

14 (3) "Qualifying business" means a business that:

15 (A) Is located and conducts business in an entertainment  
16 district;

17 (B) Derives income from the sale of entertainment items  
18 within an entertainment district; and

19 (C) At an establishment within one hundred (100) miles of  
20 the entertainment district and within two (2) years of locating within the  
21 entertainment district, did not cease or substantially reduce operations of a  
22 nature similar to those being performed at the business's establishment in  
23 the entertainment district.

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25 15-11-1003. Creation of an entertainment district.

26 (a) One (1) or more cities or counties, or both, may apply to the  
27 Arkansas Economic Development Commission to designate an area located wholly  
28 within the applying cities and counties as an entertainment district.

29 (b) The application submitted under this section shall:

30 (1) Include a written development plan that contains at least  
31 the following information:

32 (A) A description of the new business activity that will  
33 be conducted within the proposed entertainment district;

34 (B) Evidence of any adverse economic or socioeconomic  
35 conditions within the proposed entertainment district;

36 (C) Public and private commitment to and other resources

1 available for the proposed entertainment district;

2 (D) How the designation of an entertainment district will  
3 relate to the broader plan for the community as a whole;

4 (E) The level of demonstrated cooperation among the  
5 applying and surrounding cities, counties, and communities;

6 (F) How any local regulatory burdens will be reduced for  
7 businesses operating within the proposed entertainment district;

8 (G) A map of the proposed entertainment district that  
9 indicates the geographic boundaries, the total area, and the present use and  
10 conditions generally of the land and structures within the boundaries;

11 (H) A description of the methods proposed to increase  
12 economic opportunity and expansion, facilitate infrastructure improvement,  
13 and identify job training opportunities; and

14 (I) Any other information required by the commission;

15 (2) Be in the form and manner required by the commission;

16 (3) Contain sufficient information to allow the commission to  
17 determine if the proposed entertainment district qualifies under this  
18 subchapter; and

19 (4) Be submitted by the chief elected officer of each city and  
20 county submitting the application or, if there is not a chief elected officer  
21 of a city or county submitting the application, the governing body of the  
22 city or county.

23 (c)(1) The commission shall review each application submitted under  
24 this section and determine whether the proposed entertainment district meets  
25 the requirements and serves the purposes of this subchapter.

26 (2) Upon approval of an application under this section, the  
27 commission shall designate the proposed entertainment district.

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29 15-11-1004. Tax incentives.

30 In an entertainment district:

31 (1) Each qualifying business is eligible for the income tax:

32 (A) Exemption under § 26-51-314; and

33 (B) Credit under § 26-51-515; and

34 (2) The sale of each entertainment item is eligible for the  
35 sales and use tax exemption under § 26-52-451.

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1           15-11-1005. Applicability.

2           The tax incentives provided under this subchapter:

3                   (1) May be combined with any other incentives available for the  
4 entertainment district or the businesses within the entertainment district;  
5 and

6                   (2) Are available for an entertainment district for fifteen (15)  
7 years from the creation of the entertainment district.

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9           15-11-1006. Rules.

10           The Arkansas Economic Development Commission shall promulgate rules to  
11 implement and administer this subchapter.

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

15           26-51-314. Income from sale of entertainment items.

16           (a) As used in this section, "entertainment district", "entertainment  
17 item", and "qualifying business" have the same meanings stated in § 15-11-  
18 1002.

19           (b)(1) Income from the sale of an entertainment item within an  
20 entertainment district by a qualifying business is exempt from the income tax  
21 levied under the Income Tax Act of 1929, § 26-51-101 et seq.

22           (2) The exemption allowed under this section includes income  
23 derived from Internet, mail-order, and catalog sales of entertainment items  
24 that are shipped from within the entertainment district to purchasers outside  
25 of the entertainment district.

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27           SECTION 3. Arkansas Code Title 26, Chapter 51, Subchapter 5, is  
28 amended to add an additional section to read as follows:

29           26-51-515. Costs of construction in entertainment district.

30           (a) As used in this section:

31                   (1) "Costs of construction" means:

32                           (A) Obligations incurred for labor and to vendors,  
33 contractors, subcontractors, builders, suppliers, deliverymen, and  
34 materialmen in connection with the acquisition, construction, equipping, and  
35 installation of qualifying business in an entertainment district;

36                           (B) The costs of acquiring real property or rights in real

1 property in connection with a qualifying business in an entertainment  
2 district and any costs incidental to the acquisition of real property or  
3 rights in real property in connection with a qualifying business in an  
4 entertainment district;

5 (C) The cost of contract bonds and insurance of all kinds  
6 that may be required or necessary during the course of the acquisition,  
7 construction, equipping, and installation of a qualifying business in an  
8 entertainment district that is not paid by the vendor, supplier, deliveryman,  
9 contractor, or otherwise provided;

10 (D) The costs of architectural and engineering services,  
11 including without limitation estimates, plans and specifications, preliminary  
12 investigations, and supervision of construction and installation, as well as  
13 for the performance of the duties required by or consequent to the  
14 acquisition, construction, equipping, and installation of a qualifying  
15 business in an entertainment district;

16 (E) The costs required to be paid under the terms of any  
17 contract for the acquisition, construction, equipping, and installation of a  
18 qualifying business in an entertainment district;

19 (F) The costs required for the installation of utilities  
20 in connection with a qualifying business in an entertainment district,  
21 including without limitation water, sewer, sewage treatment, gas,  
22 electricity, communications, and off-site construction of utility extensions  
23 paid for by the qualifying business; and

24 (G) Other costs comparable with those described in this  
25 section;

26 (2) "Entertainment district" means the same as defined in § 15-  
27 11-1002; and

28 (3) "Qualifying business" means the same as defined in § 15-11-  
29 1002.

30 (b) There is allowed an income tax credit against the income tax  
31 imposed under this chapter in the amount equal to twenty-five percent (25%)  
32 of a qualifying business's costs of construction within an entertainment  
33 district.

34 (c) The amount of the income tax credit under this section that may be  
35 claimed by the taxpayer in a tax year shall not exceed the amount of income  
36 tax due by the taxpayer.

1 (d) Any unused income tax credit under this section may be carried  
2 forward for five (5) consecutive tax years following the tax year in which  
3 the income tax credit was earned.

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

7 26-52-451. Sales by qualifying businesses.

8 (a) As used in this section, "entertainment district", "entertainment  
9 item", and "qualifying business" have the same meanings stated in § 15-11-  
10 1002.

11 (b) The gross receipts or gross proceeds derived from the sale of an  
12 entertainment item by a qualifying business within an entertainment district  
13 are exempt from the gross receipts tax levied under this chapter and the  
14 compensating use tax levied by the Arkansas Compensating Tax Act of 1949, §  
15 26-53-101 et seq.

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17 /s/Baine  
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