

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4

# A Bill

HOUSE BILL 1768

5 By: Representative Tucker  
6

## For An Act To Be Entitled

8 AN ACT TO CREATE AN INCOME TAX CREDIT FOR INVESTMENTS  
9 IN SMALL ARKANSAS-BASED HIGH-TECHNOLOGY BUSINESSES;  
10 AND FOR OTHER PURPOSES.  
11

## Subtitle

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13 TO CREATE AN INCOME TAX CREDIT FOR  
14 INVESTMENTS IN SMALL ARKANSAS-BASED HIGH-  
15 TECHNOLOGY BUSINESSES.  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5, is  
22 amended to add an additional section to read as follows:

23 26-51-515. Small Arkansas-based high-technology business investment.

24 (a) As used in this section:

25 (1) "Qualified investment" means the nonrefundable investment of  
26 cash, at risk in a small Arkansas-based high-technology business, that is  
27 transferred to the small Arkansas-based high-technology business by a  
28 taxpayer that is not in control of the small Arkansas-based high-technology  
29 business, the transfer of which is in connection with a transaction in  
30 exchange for stock, interests in partnerships or joint ventures, exclusive or  
31 nonexclusive licenses, rights to use technology, marketing rights, warrants,  
32 options, or any similar items; and

33 (2) "Small Arkansas-based high-technology business" means a  
34 business that:

35 (A) Is in an industry employing new or state-of-the-art  
36 technology in biotechnology, marine science technology, pharmaceuticals,



1 clean and renewable energy technology, vehicles powered by clean and  
2 renewable energy, defense and homeland security-related technologies,  
3 advanced materials, electronics, nanotechnology, environmental, medical  
4 device, information technology, plastics and polymers, telecommunications  
5 industries involved in the research and development of state-of-the-art  
6 medication delivery devices, or any other technological field or industry  
7 classified as an emerging technology;

8 (B) Maintains its principal place of business in Arkansas;  
9 and

10 (C) Has fewer than two hundred twenty-five (225)  
11 employees, of whom seventy-five percent (75%) are Arkansas-based employees  
12 filling a position or job in the state.

13 (b)(1) There is allowed an income tax credit against the income tax  
14 imposed by this chapter in the amount equal to ten percent (10%) of a  
15 qualified investment made by a taxpayer in the initial year of investment or  
16 during any of the three (3) subsequent taxable years.

17 (2) The income tax credit allowed under this section shall not  
18 exceed:

19 (A) Fifty thousand dollars (\$50,000) in a taxable year for  
20 all qualified investments made by a taxpayer; and

21 (B) A total of one million five hundred thousand dollars  
22 (\$1,500,000) for all income tax credits allowed under this section each tax  
23 year.

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

27 (d) Any unused income tax credit under this section may be carried  
28 forward indefinitely.

29 (e) If the small Arkansas-based high-technology business on which an  
30 income tax credit under this section is based ceases to have its principal  
31 place of business in the state during the three-year period during which the  
32 income tax credit is allowed, the taxpayer shall not claim any further income  
33 tax credits under this section and shall repay the total amount of income tax  
34 credits claimed under this section to the state.

35 (f) A taxpayer claiming an income tax credit earned under this section  
36 shall not claim any other income tax credit that would otherwise be allowed

1 for the same expenditures.

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3 SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax  
4 years beginning on and after January 1, 2017.

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