

**ARKANSAS SENATE**  
92nd General Assembly - Regular Session, 2019  
**Amendment Form**

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**Subtitle of Senate Bill No. 576**

TO REFORM THE TAX LAWS CONCERNING THE LEVY AND COLLECTION OF SALES AND USE TAX,  
THE APPORTIONMENT AND ALLOCATION OF INCOME FOR TAX PURPOSES, AND NET OPERATING  
LOSSES; AND TO DECLARE AN EMERGENCY.

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**Amendment No. 1 to Senate Bill 576**

Amend Senate Bill No. 576 as originally introduced:

Page 1, delete lines 15 and 16, and substitute "OF INCOME FOR TAX PURPOSES  
ACT; TO PROVIDE FOR A"

AND

Page 1, line 22, delete "INCOME TAX;" and substitute "INCOME TAX; TO REDUCE  
CORPORATE INCOME TAX RATES;"

AND

Delete the subtitle in its entirety, and substitute the following:

"TO REFORM THE TAX LAWS CONCERNING THE  
LEVY AND COLLECTION OF SALES AND USE TAX,  
THE APPORTIONMENT AND ALLOCATION OF  
INCOME FOR TAX PURPOSES, CORPORATE INCOME  
TAX RATES, AND NET OPERATING LOSSES; AND  
TO DECLARE AN EMERGENCY."

AND

Page 3, line 20, delete "and"

AND

Page 3, delete line 22, and substitute the following:

"fiscally responsible manner; and

(4) Act on the recommendation of the Arkansas Tax Reform and  
Relief Legislative Task Force to repeal the throwback rule for business



income when the state's budget would allow for that change to be enacted in a fiscally responsible manner."

AND

Delete SECTION 2 of the bill in its entirety

AND

Page 4, line 8, delete "9-18" and substitute "9-15"

AND

Page 4, line 11, delete "(a)(1)"

AND

Page 4, delete lines 17 through 25

AND

Page 5, delete lines 25 through 36

AND

Page 6, delete lines 1 through 14, and substitute the following:

"

SECTION 3. Arkansas Code § 26-5-101, Article IV, paragraph 18, concerning the division of income under the Multistate Tax Compact, is amended to read as follows:"

AND

Immediately following SECTION 3 of the bill, add an additional section to read as follows:

"SECTION 4. Arkansas Code § 26-51-205(a) and (b), concerning the income tax levied on corporations, are amended to read as follows:

(a)(1) 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~~ the corporation during the income year, on the following basis:

~~(1)~~ (A) On the first ~~\$3,000~~ three thousand dollars (\$3,000) of net income or any part thereof ~~1%~~, one percent (1%);

(B) On the second ~~\$3,000~~ three thousand dollars (\$3,000) of net income or any part thereof ~~2%~~, two percent (2%);

(C) On the next ~~\$5,000~~ five thousand dollars (\$5,000) of net income or any part thereof ~~3%~~, three percent (3%);

(D) On the next ~~\$14,000~~ fourteen thousand dollars (\$14,000) of net income or any part thereof ~~5%~~, five percent (5%);

(E) On the next \$75,000 seventy-five thousand dollars (\$75,000) of net income or any part thereof, but not exceeding \$100,000 6% one hundred thousand dollars (\$100,000), six percent (6%); and

~~(2) (F) On net income exceeding one hundred thousand dollars (\$100,000), a flat rate of six and one half percent (6 1/2 %) shall be applied to the entire net income~~ six and five-tenths percent (6.5%).

(2) For the tax year beginning January 1, 2021, 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 this state, received by the corporation during the income year, on the following basis:

(A) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(B) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(C) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(D) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%);

(E) On the next seventy-five thousand dollars (\$75,000) of net income or any part thereof, six percent (6%); and

(F) On net income exceeding one hundred thousand dollars (\$100,000), six and two-tenths percent (6.2%).

(3) For tax years beginning on or after January 1, 2022, 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 this state, received by the corporation during the income year, on the following basis:

(A) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(B) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(C) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(D) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and

(E) On net income exceeding twenty-five thousand dollars (\$25,000), five and nine-tenths percent (5.9%).

(b)(1) 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 this state, on the following basis:

~~(1) (A) On the first \$3,000 three thousand dollars (\$3,000) of net income or any part thereof 1%, one percent (1%);~~

~~(B) On the second \$3,000 three thousand dollars (\$3,000) of net income or any part thereof 2%, two percent (2%);~~

~~(C) On the next \$5,000 five thousand dollars (\$5,000) of net income or any part thereof 3%, three percent (3%);~~

~~(D) On the next \$14,000 fourteen thousand dollars (\$14,000) of net income or any part thereof 5%, five percent (5%);~~

(E) On the next \$75,000 seventy-five thousand dollars (\$75,000) of net income or any part thereof, but not exceeding \$100,000 6% one hundred thousand dollars (\$100,000), six percent (6%); and

~~(2) (F) On net income exceeding one hundred thousand dollars (\$100,000), a flat rate of six and one half percent (6 1/2 %) shall be applied to the entire net income six and five-tenths percent (6.5%).~~

(2) For the tax year beginning January 1, 2021, 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 this state, on the following basis:

(A) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(B) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(C) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(D) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%);

(E) On the next seventy-five thousand dollars (\$75,000) of net income or any part thereof, six percent (6%); and

(F) On net income exceeding one hundred thousand dollars (\$100,000), six and two-tenths percent (6.2%).

(3) For tax years beginning on or after January 1, 2022, 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 this state, on the following basis:

(A) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(B) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(C) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(D) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and

(E) On net income exceeding twenty-five thousand dollars (\$25,000), five and nine-tenths percent (5.9%)."

AND

Page 8, delete lines 1 through 12, and substitute the following:

"(a) For net operating losses occurring in the tax year beginning January 1, 2020, a total period of eight (8) years; and

(b) For net operating losses occurring in tax years beginning on or after January 1, 2021, a total period of ten (10) years."

AND

Page 8, delete lines 31 through 36, and substitute the following:

"(ii) In the case of ~~a qualified medical companies,~~  
~~as defined herein,~~ company, a net operating loss for any taxable year shall  
be a net operating loss carryover to each of the fifteen (15) taxable years  
following the taxable year of the loss."

AND

Page 9, delete lines 1 through 12

AND

Page 11, line 12, delete "(a)(1)"

AND

Page 11, delete lines 18 through 26

AND

Delete SECTION 8 of the bill in its entirety

AND

Page 16, line 21, delete "(1)(A)(i)(a)" and substitute "(1)(A)"

AND

Page 16, delete lines 25 through 36

AND

Page 17, line 2, delete "and (o)"

AND

Page 17, line 3, delete "are" and substitute "is"

AND

Page 17, delete lines 8 through 12

AND

Page 27, delete line 28, and substitute the following:

"described in subdivision (d)(2) of this section.

(e)(1) The Department of Finance and Administration shall audit a  
marketplace facilitator solely for sales made by marketplace sellers and  
facilitated by the marketplace facilitator.

(2) The department shall not audit marketplace sellers for sales  
facilitated by a marketplace facilitator except to the extent the marketplace  
facilitator seeks relief from liability under subsection (f) of this section.

(f)(1) A marketplace facilitator is relieved of liability under this section for failure to collect and remit the correct amount of tax under this section to the extent that the failure was due to incorrect or insufficient information given to the marketplace facilitator by the marketplace seller.

(2) This subsection does not apply if the marketplace facilitator and the marketplace seller are related."

AND

Page 33, line 11, delete "Sections 2 and 4 of this act are" and substitute "Section 5 of this act is"

AND

Page 33, line 13, delete "3 and 5-16" and substitute "2-4 and 6-16"

AND

Page 33, line 18, delete "16-18" and substitute "17-19"

AND

Appropriately renumber the sections of the bill

The Amendment was read the first time, rules suspended and read the second time and \_\_\_\_\_  
By: Senator Hester  
JLL/JLL - 03-20-2019 09:44:33  
JLL309

\_\_\_\_\_  
Secretary