

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Regular Session, 1991**  
4 **By: Senator Bud Canada**

# A Bill

**SENATE BILL**

## For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 26-51-202 TO IMPOSE THE ARKANSAS INCOME TAX ON  
9 NET INCOME DERIVED FROM ALL ARKANSAS SOURCES BY NON-RESIDENTS; TO AMEND  
10 ARKANSAS CODE 26-51-307 TO ALLOW ALL NON-RESIDENTS A SIX THOUSAND DOLLAR  
11 EXEMPTION FROM ARKANSAS INCOME TAXES ON THEIR RETIREMENT AND DISABILITY  
12 INCOME; AND FOR OTHER PURPOSES."

13

14 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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16 SECTION 1. Arkansas Code 26-51-202 is hereby amended to read as  
17 follows:

18 " 26-51-202. Nonresidents.

19 (a) A tax is imposed and shall be assessed, levied, collected, and paid  
20 annually, at the rates specified in 26-51-201 upon and with respect to the  
21 entire net income as defined in this chapter, except as hereinafter provided,  
22 from all Arkansas sources, from all property owned, and from every business,  
23 trade, or occupation carried on in this state by individuals, corporations,  
24 partnerships, trusts, or estates not  
25 residents of the State of Arkansas.

26 (b)(1) Each nonresident as defined in 26-51-102(10) shall file income  
27 tax returns with the State of Arkansas and pay the tax without distinction, or  
28 incident to the laws of the nonresident's resident state.

29 (2) It is the specific intention of the General Assembly that the tax  
30 shall be collected from property owned and from the conduct of every business,  
31 trade, or occupation, whether or not the individuals, corporations,  
32 partnerships, trusts, or estates are qualified to do business in the State of  
33 Arkansas and whether or not such business, trade, or occupation shall be  
34 conducted in interstate commerce.

35 (c) However, the payment of the tax shall be based upon net income

1 properly allocated as net income arising from Arkansas sources, from the  
2 ownership of property, and the conduct of business, trade, or occupation in  
3 the State of Arkansas.

4 (d) Additionally, no income tax shall be due the State of Arkansas from  
5 a nonresident beneficiary on income received from a trust or estate being  
6 administered by a resident trustee or personal representative except on income  
7 derived by the trust or estate from:

8 (1) Lands situated in this state, including gains from any sale  
9 thereof;

10 (2) Any interest in land situated in this state, including,  
11 without limitation, chattels real, including gains from any sale thereof;

12 (3) Tangible personal property located in Arkansas, including  
13 gains from any sale thereof; and

14 (4) Unincorporated businesses domiciled in Arkansas."  
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16 SECTION 2. Arkansas Code 26-51-307 is hereby amended to read as  
17 follows:

18 "26-51-307. Retirement or disability benefits.

19 (a) The first six thousand dollars (\$6,000) of retirement or disability  
20 benefits received after December 31, 1988, by any resident of this state from  
21 public or private employment-related retirement systems, plans, or programs,  
22 regardless of the method of funding for such systems, plans, or programs,  
23 shall be exempt from the state income tax. The first six thousand dollars  
24 (\$6,000) of retirement or disability benefits received by any non-resident  
25 from public or private employment-related retirement systems, plans, or  
26 programs, regardless of the method of funding for such systems, plans, or  
27 programs, which is subject to Arkansas income tax, shall be exempt from the  
28 state income tax.  
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30 SECTION 3. All provisions of this act of a general and permanent nature  
31 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
32 Revision Commission shall incorporate the same in the Code.  
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34 SECTION 4. If any provision of this act or the application thereof to  
35 any person or circumstance is held invalid, such invalidity shall not affect

1 other provisions or applications of the act which can be given effect without  
2 the invalid provision or application, and to this end the provisions of this  
3 act are declared to be severable.

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5       SECTION 5. All laws and parts of laws in conflict with this act are  
6 hereby repealed.

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