

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

A Bill

HOUSE BILL 2116

4
5 By: Representatives Lavery and Lynn

For An Act To Be Entitled

9 "AN ACT TO INCLUDE INDIVIDUAL RETIREMENT ACCOUNTS IN THE
10 EXEMPTION FROM STATE INCOME TAX; AND FOR OTHER PURPOSES."

Subtitle

13 "TO EXEMPT THE FIRST SIX THOUSAND
14 DOLLARS OF AN IRA FROM STATE INCOME
15 TAX."

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

19 SECTION 1. Arkansas Code § 26-51-307 is amended to read as follows:

20 "26-51-307. Retirement or disability benefits.

21 (a) The first six thousand dollars (\$6,000) of retirement or disability
22 benefits received after December 31, ~~1988~~1995, by any resident of this state
23 from public or private employment-related retirement systems, plans, ~~or~~
24 programs, or individual retirement accounts as defined by the Internal Revenue
25 Code of 1986 as in effect on January 1, 1996 regardless of the method of
26 funding for such systems, plans, ~~or~~ programs, or accounts shall be exempt from
27 the state income tax.

28 (b)(1) Except as provided in subdivision (3) of this subsection, the
29 exemption provided for in this section for benefits received from a public or
30 private employment-related retirement or disability system, plan, ~~or~~ program,
31 or individual retirement account shall be the only exemption from state income
32 taxes allowed for retirement or disability benefits received from any publicly
33 or privately supported system, plan, or program, excepting only benefits
34 received under systems, plans, ~~or~~ programs, or accounts which are by federal
35 law exempt from state income taxes.

36 (2) Any resident of this state who prior to January 1, 1989,

1 received both military retirement or disability pay and other retirement or
 2 disability benefits shall be entitled to claim only one (1) six thousand
 3 dollar deduction beginning with tax year ~~1989~~1996.

4 (3) The provisions of this section shall not apply to retirement or
 5 disability benefits received under a plan, system, or fund described in § 26-
 6 51-404(b)(7).

7 (c) No recipient of retirement or disability benefits from public or
 8 private employment-related retirement systems, plans, ~~or programs,~~ or accounts
 9 shall be allowed to deduct or recover his cost of contribution in the plan
 10 when computing his income for state income tax purposes.

11 (d) An individual who is sixty-five (65) years of age or older and who
 12 does not claim an exemption under subsection (a) of this section shall be
 13 entitled to an additional state income tax credit of twenty dollars (\$20.00).
 14 This credit is in addition to all other credits allowed by law."
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16 SECTION 2. All provisions of this act of a general and permanent nature
 17 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
 18 Revision Commission shall incorporate the same in the Code.
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20 SECTION 3. If any provision of this act or the application thereof to
 21 any person or circumstance is held invalid, such invalidity shall not affect
 22 other provisions or applications of the act which can be given effect without
 23 the invalid provision or application, and to this end the provisions of this
 24 act are declared to be severable.
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26 SECTION 4. All laws and parts of laws in conflict with this act are
 27 hereby repealed.
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