

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 84th General Assembly  
3 Regular Session, 2003

# A Bill

HOUSE BILL 2224

4  
5 By: Representative Lendall  
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7

## For An Act To Be Entitled

8  
9 AN ACT TO CONTINUE THE STREAM OF STATE ESTATE TAX  
10 REVENUE AND FOR OTHER PURPOSES.  
11

## Subtitle

12  
13 TO CONTINUE THE STREAM OF STATE ESTATE  
14 TAX REVENUE.  
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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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19 SECTION 1. Arkansas Code § 26-59-102(8), regarding definitions under  
20 the Estate Tax Law of Arkansas, § 26-59-101 et seq., is repealed.

21 ~~(8) "Gross estate" means the gross estate as determined under~~  
22 ~~the applicable federal revenue act;~~  
23

24 SECTION 2. Arkansas Code § 26-59-102(9) and (10), regarding  
25 definitions under the Estate Tax Law of Arkansas, § 26-59-101 et seq., is  
26 amended to read as follows:

27 ~~(9)~~(8) "Net estate" means the net estate as determined under the  
28 provisions of the applicable federal revenue act as in effect on January 1,  
29 2003;

30 ~~(10)~~(9) "Tangible personal property" means corporeal personal  
31 property, including money.  
32

33 SECTION 3. Arkansas Code § 26-59-103 is amended to read as follows:

34 26-59-103. ~~Chapter to remain in effect while federal government~~  
35 ~~imposes estate tax.~~ Gross estate - Taxable estate - Adjusted taxable estate  
36 - Levy of tax.



~~This chapter shall remain in force and effect so long as the United States Government retains in full force and effect, as a part of the revenue laws of the United States, the present federal estate tax, and this chapter shall cease to be operative when the United States Government ceases to impose any estate tax of the United States.~~

(a)(1) The gross estate shall be determined under Sections 2031 through 2045 of the Internal Revenue Code as in effect on January 1, 2003.

(2) The taxable estate shall be determined under Section 2051 and 2053 through 2057 of the Internal Revenue Code as in effect on January 1, 2003.

(3) To determine the adjusted taxable estate, the taxable estate is reduced by sixty thousand dollars (\$60,000).

(b) Except for adjusted taxable estates that are more than ten million forty thousand dollars (\$10,040,000), the tax levied under this subchapter shall be determined for the adjusted taxable estate as stated in § 26-59-104.

(c) Adjusted taxable estates that are more than ten million forty thousand dollars (\$10,040,000) shall be taxed at a flat rate of sixteen percent (16%).

SECTION 4. Arkansas Code § 26-59-104 is amended to read as follows:

~~26-59-104. Federal rules of interpretation applicable.~~ Tax table.

~~When not otherwise provided for in this chapter, the rules of interpretation and construction applicable to the estate tax laws of the United States shall apply to and be followed in the interpretation of this chapter.~~

Except for adjusted taxable estates that are more than ten million forty thousand dollars (\$10,040,000), the tax levied under this subchapter shall be as follows:

<u>Adjusted Taxable Estate</u>	<u>Tax</u>
<u>Below \$90,000</u>	<u>\$0</u>
<u>\$90,000 to 140,000</u>	<u>400</u>
<u>140,001 to 240,000</u>	<u>1,200</u>
<u>240,001 to 440,000</u>	<u>3,600</u>
<u>440,001 to 640,000</u>	<u>10,000</u>
<u>640,001 to 840,000</u>	<u>18,000</u>

1	<u>840,001 to 1,040,000</u>	<u>27,600</u>
2	<u>1,040,001 to 1,540,000</u>	<u>38,800</u>
3	<u>1,540,001 to 2,040,000</u>	<u>70,800</u>
4	<u>2,040,001 to 2,540,000</u>	<u>106,800</u>
5	<u>2,540,001 to 3,040,000</u>	<u>146,800</u>
6	<u>3,040,001 to 3,540,000</u>	<u>190,800</u>
7	<u>3,540,001 to 4,040,000</u>	<u>238,800</u>
8	<u>4,040,001 to 5,040,000</u>	<u>290,800</u>
9	<u>5,040,001 to 6,040,000</u>	<u>402,800</u>
10	<u>6,040,001 to 7,040,000</u>	<u>522,800</u>
11	<u>7,040,001 to 8,040,000</u>	<u>650,800</u>
12	<u>8,040,001 to 9,040,000</u>	<u>786,800</u>
13	<u>9,040,001 to 10,040,000</u>	<u>930,800</u>

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15 SECTION 5. Arkansas Code § 26-59-106(a), regarding the estate tax  
 16 imposed on resident estates, is amended to read as follows:

17 (a) A tax is imposed upon the transfer of real estate and personal  
 18 property of every kind owned by every person who, at the time of death, was a  
 19 resident of the State of Arkansas, ~~the amount of which shall be a sum equal~~  
 20 ~~to the federal credit allowable under the federal estate tax laws, 26 U.S.C.~~  
 21 ~~§ 2001 et seq., as in effect on January 1, 1999~~ as provided under this  
 22 subchapter.

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24 SECTION 6. Arkansas Code § 26-59-106(c), regarding the estate tax  
 25 imposed on resident estates, is repealed.

26 ~~(c)(1) If any portion of the property of the estate is located in~~  
 27 ~~another state and the other state participates in the federal credit~~  
 28 ~~allowable, then the Arkansas tax shall be the proportional part of the credit~~  
 29 ~~allowable as the Arkansas property bears to the entire estate. However, if~~  
 30 ~~the other state shall have a reciprocal provision as to nontaxability of~~  
 31 ~~property of nonresidents, then all of the federal credit allowable shall be~~  
 32 ~~paid to this state.~~

33 ~~(2) However, if no federal estate tax is imposed upon the~~  
 34 ~~transfer of property, no Arkansas estate tax shall be imposed on such~~  
 35 ~~transfer.~~

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1 SECTION 7. Arkansas Code § 26-59-107(a), regarding the estate tax  
2 imposed on resident estates, is amended to read as follows:

3 (a) A tax is imposed upon the transfer of all real, tangible, and  
4 intangible personal property located in the State of Arkansas of any  
5 nonresident of this state ~~in a sum equal to the proportion of the federal~~  
6 ~~credit allowable under the federal estate tax laws, 26 U.S.C. § 2001 et seq.,~~  
7 ~~as in effect on January 1, 1999, for estate, inheritance, legacy, and~~  
8 ~~succession taxes that the Arkansas property of such deceased person bears to~~  
9 ~~the property of the entire estate, wherever located~~ as provided under this  
10 subchapter.

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12 SECTION 8. Arkansas Code § 26-59-107(c) and (d), regarding the estate  
13 tax imposed on resident estates, is repealed.

14 ~~(c) However, if the decedent at the time of death was a resident of a~~  
15 ~~state or territory of the United States, which, at the time of his death,~~  
16 ~~provides an exemption to residents of this state from transfer or death~~  
17 ~~taxes, then the nonresident of the other state or territory shall be exempt~~  
18 ~~from the payment of said estate or inheritance tax in this state.~~

19 ~~(d) However, if no federal estate tax is imposed upon the transfer of~~  
20 ~~property, no Arkansas estate tax shall be imposed on such transfer.~~

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22 SECTION 9. Arkansas Code § 26-59-111(a), regarding estate tax returns  
23 and extensions for filing returns, is amended to read as follows:

24 (a)(1) Any person who requests and receives an extension of time in  
25 which to file a federal estate tax return, as provided by 26 U.S.C. § 6081,  
26 as amended, and in effect on January 1, 1999, shall be granted an extension  
27 of time in which to file the Arkansas estate tax return for the same period  
28 of time as granted for the filing of the federal estate tax return.

29 (2) Any person who is not required to file a federal estate tax  
30 return, but who is required to file an estate tax return under this  
31 subchapter may file a request with the Director of the Department of Finance  
32 and Administration for an extension of the deadline for filing the return.

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34 SECTION 10. Arkansas Code § 26-59-111(b), regarding estate tax returns  
35 and extensions for filing returns, is amended to read as follows:

36 (b)(1) This request for extension of time in which to file shall be

1 granted by the timely filing of a copy of the federal application form with  
2 the ~~Director~~ director ~~of the Department of Finance and Administration~~ and  
3 then attaching to the Arkansas estate tax return, when actually filed with  
4 the director, a copy of the document granting such federal extension.

5 (2)(A) For determining whether the director shall grant a  
6 request for extension of time for filing an estate tax return under this  
7 subchapter, Sections 6161(a)(2), 6161(b)(2), and 6166 of the Internal Revenue  
8 Code as in effect on January 1, 2003, are adopted.

9 (B) No extension shall be granted under this subdivision  
10 for any deficiency if the deficiency is due to negligence, due to intentional  
11 disregard of rules and regulations, or with the intent to evade the tax  
12 imposed under this subchapter.

13 (C) The director has the authority to promulgate  
14 regulations under this subdivision to fulfill his or her duties under this  
15 subchapter.

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17 SECTION 11. This act applies to deaths that occur on or after  
18 September 1, 2003.

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