

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
4

As Engrossed: S2/6/03
A Bill

SENATE BILL 60

5 By: Senator Altes
6
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For An Act To Be Entitled

8 AN ACT TO *AMEND* THE ESTATE TAX; AND FOR OTHER
9 PURPOSES.
10

Subtitle

11 TO *AMEND* THE ESTATE TAX.
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16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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18 *SECTION 1. Arkansas Code § 26-59-103, concerning the effect and*
19 *termination of the Arkansas estate tax, is amended to read as follows:*

20 *26-59-103. Chapter to remain in effect while federal government imposes*
21 *estate tax.*

22 *This chapter shall remain in force and effect so long as the United*
23 *States Government retains in full force and effect, as a part of the revenue*
24 *laws of the United States, the present federal estate tax, and this chapter*
25 *shall cease to be operative when the ~~United States Government ceases to~~*
26 *~~impose any estate tax of the United States~~ federal Credit for State Death*
27 *Taxes set forth in 26 U.S.C. § 2011 is repealed completely for the estates of*
28 *decedents dying on or after January 1, 2005.*
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30 *SECTION 2. Arkansas Code 26-59-106(a), concerning the imposition of*
31 *Arkansas estate tax on resident estates, is amended to read as follows:*

32 *(a) A tax is imposed upon the transfer of real estate and personal*
33 *property of every kind owned by every person who, at the time of death, was a*
34 *resident of the State of Arkansas, the amount of which shall be a sum equal*
35 *to the federal credit allowable under the federal estate tax laws, 26 U.S.C.*
36 *§ 2001 et seq., as in effect on ~~January 1, 1999~~ January 1, 2002.*



SECTION 3. Arkansas Code 26-59-107(a), concerning the imposition of Arkansas estate tax on nonresident estates, is amended to read as follows:

(a) A tax is imposed upon the transfer of all real, tangible, and intangible personal property located in the State of Arkansas of any nonresident of this state in a sum equal to the proportion of the federal credit allowable under the federal estate tax laws, 26 U.S.C. § 2001 et seq., as in effect on ~~January 1, 1999~~ January 1, 2002, for estate, inheritance, legacy, and succession taxes that the Arkansas property of such deceased person bears to the property of the entire estate, wherever located.

SECTION 4. Arkansas Code 26-59-109(a), concerning the preparation and filing of Arkansas estate tax returns, is amended to read as follows:

(a) Returns by Executor. (1) Citizens or Residents of the United States. In all cases where the gross estate at the death of a citizen or resident of the United States exceeds ~~one million dollars (\$1,000,000)~~ three million five hundred thousand dollars (\$3,500,000) and a portion of the property comprising the gross estate is located in Arkansas, then the executor shall make a return with respect to the estate tax imposed by this chapter.

(2) Nonresidents Not Citizens of the United States. In the case of the estate of every nonresident not a citizen of the United States, if that part of the gross estate which is situated in the United States exceeds ~~one million dollars (\$1,000,000)~~ three million five hundred thousand dollars (\$3,500,000) and a portion of the property comprising the gross estate is located in Arkansas, then the executor shall make a return with respect to the estate tax imposed by this chapter.

(3) Phase-in of Filing Requirement Amount.

In the case of decedents ~~Subdivision~~ Subdivisions (a)(1) and (a)(2) dying in: shall be applied by substituting for "~~\$1,000,000~~" \$3,500,000" the following amount:

1999	\$650,000
2000 and 2001	675,000
2002 and 2003	700,000 <u>1,000,000</u>

1	2004	850,000	<u>1,500,000</u>
2	2005	950,000	<u>1,500,000</u>
3	2006 or thereafter, 2007 and 2008	1,000,000	<u>2,000,000</u>
4	<u>2009 and thereafter</u>	<u>3,500,000</u>	

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6 SECTION 5. Arkansas Code § 26-59-111(a), concerning extensions of time
7 for filing Arkansas estate tax returns, is amended to read as follows:

8 (a) Any person who requests and receives an extension of time in which
9 to file a federal estate tax return, as provided by 26 U.S.C. § 6081, as
10 amended, and in effect on ~~January 1, 1999~~ January 1, 2002, shall be granted
11 an extension of time in which to file the Arkansas estate tax return for the
12 same period of time as granted for the filing of the federal estate tax
13 return.

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15 SECTION 6. Arkansas Code 26-59-113(c), concerning the payment of
16 Arkansas estate tax in installments, is amended to read as follows:

17 (c)(1) The provisions of 26 U.S.C. § 6166, as amended and in effect on
18 ~~January 1, 1999~~ January 1, 2002, which provide for an election by the
19 representative of a decedent's estate to pay the federal estate tax due on
20 certain qualifying assets of the estate in deferred installments for a period
21 of up to fifteen (15) years at a two percent (2%) interest rate regarding
22 either the estate original shown due on the estate tax return or as later
23 determined to be due following audit, shall be adopted as a state estate tax
24 law.

25 (2) However, the two percent (2%) interest rate shall only apply
26 to the "2-percent portion" as that term is defined in 26 U.S.C. § 6601(j)(2),
27 as amended and in effect on ~~January 1, 1999~~ January 1, 2002. The interest
28 rate on the estate tax exceeding the "2-percent portion" shall be at the rate
29 specified in § 26-18-508 concerning tax deficiencies.

30 (3) Any timely filed election by the representative of the
31 decedent's estate for deferral of the payment of federal estate taxes shall
32 be deemed to also defer the payment of the applicable portion of Arkansas
33 estate tax for the same periods of time for the Arkansas assets qualifying
34 for this special federal election.

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36 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the General

1 Assembly of the State of Arkansas that recent changes to the federal Internal
 2 Revenue Code have resulted in a significant disparity between state and
 3 federal estate tax law. The recent changes to the estate tax provisions of
 4 the federal Internal Revenue Code are advantageous to Arkansas taxpayers.
 5 This act is designed to resolve this disparity by bringing Arkansas law into
 6 conformity with federal law. Therefore, an emergency is declared to exist and
 7 this act being immediately necessary for the preservation of the public
 8 peace, health and safety shall become effective on:

- 9 (1) The date of its approval by the Governor;
 10 (2) If the bill is neither approved nor vetoed by the Governor,
 11 the expiration of the period of time during which the Governor may veto the
 12 bill; or
 13 (3) If the bill is vetoed by the Governor and the veto is
 14 overridden, the date the last house overrides the veto.

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 16 /s/ Altes
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