

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

HOUSE BILL 1830

5 By: Representative G. Hodges
6 By: Senator Hester
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE INCOME TAX LAWS RELATING TO
10 CERTAIN TRUSTS; TO PRESERVE CERTAIN TRUST ASSETS; TO
11 EXEMPT CERTAIN TRUSTS FROM INCOME TAX; AND FOR OTHER
12 PURPOSES.
13
14

Subtitle

15 TO AMEND THE INCOME TAX LAWS RELATING TO
16 CERTAIN TRUSTS; TO PRESERVE CERTAIN TRUST
17 ASSETS; AND TO EXEMPT CERTAIN TRUSTS FROM
18 INCOME TAX.
19
20
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. DO NOT CODIFY. Legislative intent.

25 It is the intent of the General Assembly to:

26 (1) Reform Arkansas trust tax law to increase the state's
27 competitiveness in the financial services sector by attracting out-of-state
28 trust assets for administration by Arkansas trustees;

29 (2) Recognize that Arkansas citizens currently establish trusts
30 in foreign states to avoid trust-level taxation;

31 (3) That foreign states are reaping the benefit that comes with
32 the management and administration of trust assets in those states; and

33 (4) Amending the law to remove the incentive for Arkansas
34 residents to set up nongrantor trusts in foreign states will encourage
35 Arkansans to keep trust assets in state where Arkansas trustees will manage
36 and administer the trust assets.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 3, is amended to add an additional section to read as follows:

26-51-316. Nongrantor trusts.

There is allowed an exemption from the income tax imposed under this chapter for a trust that is administered by a trustee who is a resident of this state if the trust is not considered a grantor trust under 26 U.S.C. § 671 et seq., as it existed on January 1, 2019, and any related regulations, as they existed on January 1, 2019.

SECTION 3. EFFECTIVE DATE. This act is effective for tax years beginning on or after January 1, 2019.