

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  
4

As Engrossed: H3/14/97 H3/19/97

## A Bill

ACT 1345 OF 1997  
HOUSE BILL 2115

5 By: Representative Johnson  
6  
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### For An Act To Be Entitled

9 "AN ACT TO AMEND THE LONG TERM INTERGENERATIONAL TRUST TO  
10 EXCLUDE A TAXPAYER S CONTRIBUTION TO THE TRUST FROM GROSS  
11 INCOME; AND FOR OTHER PURPOSES."  
12

### Subtitle

13 "TO AMEND THE LONG TERM  
14 INTERGENERATIONAL TRUST TO EXCLUDE A  
15 TAXPAYER S CONTRIBUTION TO THE TRUST FROM  
16 GROSS INCOME."  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 *SECTION 1. Arkansas Code § 26-51-403(b) is amended to read as follows:*

22 *"(b) Adjusted gross income means, in the case of an individual, gross*  
23 *income minus the following deductions:*

24 *(1) Trade and business deductions otherwise allowable as*  
25 *deductions under this chapter which are attributable to a trade or business*  
26 *carried on by the taxpayer, if such trade or business does not consist of the*  
27 *performance of services by the taxpayer as an employee;*

28 *(2)(A) Trade and business deductions of employees otherwise*  
29 *allowable as deductions under this chapter;*

30 *(B) The deductions which consist of expenses paid or incurred*  
31 *by the taxpayer, in connection with the performance by him of services as an*  
32 *employee under a reimbursement or other expense allowance arrangement with his*  
33 *employer;*

34 *(3) Losses from the sale or exchange of property;*

35 *(4) Deductions attributable to property held for the production*  
36 *of rents and royalties;*

1 (5) Certain deductions of life tenants and income beneficiaries  
2 of property: In the case of life tenant of property, or an income beneficiary  
3 of property held in trust, or an heir, legatee, or devisee of an estate, the  
4 deduction for depreciation allowed by the Internal Revenue Code, § 167, as  
5 provided in § 26-51-428, and the deduction allowed by the Internal Revenue  
6 Code, § 611, as provided in § 26-51-429;

7 (6) Deductions for certain portions of lump-sum distributions  
8 from pension plans taxed under the Internal Revenue Code, § 402(e), as set  
9 forth in § 26-51-414;

10 (7) Deductions for moving expenses, as set forth in § 26-51-  
11 423(a)(4);

12 (8) Deductions for alimony payments;

13 (9) Deductions for separate maintenance payments;

14 (10) Deductions for interest forfeited to a bank, savings  
15 association, etc., on premature withdrawals from time savings accounts or  
16 deposits;

17 (11) Deductions allowed for cash payments to individual retirement  
18 accounts and deductions allowed for cash payments to retirement savings plans  
19 of certain married individuals to cover a nonworking spouse;

20 (12) Deductions for contributions by self-employed persons to  
21 pension, profit-sharing, and annuity plans;

22 (13) The border city exemption as provided by § 26-52-602; and

23 (14) Deductions for the health insurance costs of self-employed  
24 persons as computed in accordance with § 26-51-423(c).

25 (15) Deductions for contributions to a long-term intergenerational  
26 trust created pursuant to Arkansas Code § 28-72-501 et seq.,."

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28 SECTION 2. Arkansas Code § 28-72-505(a) is amended to read as follows:

29 "(a)(1) All distributions of funds ~~other than principal~~ from the long-  
30 term intergenerational security trust shall be taxable as provided in the  
31 Arkansas Income Tax Act, § 26-51-101 et seq.

32 (2) All distributions from the trust shall be deemed principal until  
33 all contributions of principal have been withdrawn."

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35 SECTION 3. All provisions of this act of a general and permanent nature  
36 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code

1 Revision Commission shall incorporate the same in the Code.

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3 SECTION 4. If any provision of this act or the application thereof to  
4 any person or circumstance is held invalid, such invalidity shall not affect  
5 other provisions or applications of the act which can be given effect without  
6 the invalid provision or application, and to this end the provisions of this  
7 act are declared to be severable.

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

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*/s/Rep. Johnson*

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APPROVED: BECAME LAW WITHOUT GOVERNOR'S SIGNATURE.

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