

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

SENATE BILL 13

5 By: Senator J. English
6 By: Representative Johnson
7

For An Act To Be Entitled

9 AN ACT TO CREATE AN INCOME TAX EXEMPTION FOR
10 RETIREMENT BENEFITS AND SURVIVOR BENEFITS FROM THE
11 UNIFORMED SERVICES; AND FOR OTHER PURPOSES.
12
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Subtitle

15 TO CREATE AN INCOME TAX EXEMPTION FOR
16 RETIREMENT BENEFITS AND SURVIVOR BENEFITS
17 FROM THE UNIFORMED SERVICES.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 26-51-307 is amended to read as follows:

23 26-51-307. Retirement or disability benefits.

24 (a)(1) The first six thousand dollars (\$6,000) of benefits received by
25 ~~any~~ a resident of this state from an individual retirement account or the
26 first six thousand dollars (\$6,000) of retirement benefits received by ~~any~~ a
27 resident of this state from public or private employment-related retirement
28 systems, plans, or programs, regardless of the method of funding for these
29 systems, plans, or programs, ~~shall be~~ is exempt from the state income tax.

30 (2)(A) Only individual retirement account benefits received by
31 an individual retirement account participant after reaching fifty-nine and
32 one-half (59½) years of age qualify for the exemption.

33 (B) The only other distributions or withdrawals from an
34 individual retirement account that qualify for the exemption before the
35 individual retirement account participant reaches fifty-nine and one-half
36 (59½) years of age are those made on account of the participant's death or



1 disability.

2 (C) All other premature distributions or early
3 withdrawals, ~~including, but not limited to,~~ without limitation those taken
4 for medical-related expenses, higher education expenses, or a first-time home
5 purchase, do not qualify for the exemption.

6 (b)(1)(A) Except as provided in subdivision (b)(2) of this section and
7 subsection (e) of this section, the exemption provided for in subsection (a)
8 of this section for benefits received from an individual retirement account
9 or from a public or private employment-related retirement system, plan, or
10 program ~~shall be~~ is the only exemption from the state income tax allowed for
11 benefits received from an individual retirement account or from any publicly
12 or privately supported employment-related retirement system, plan, or
13 program, excepting only benefits received under systems, plans, or programs
14 which are by federal law exempt from the state income tax.

15 (B) ~~No~~ Except as provided in subsection (e) of this
16 section, a taxpayer shall not receive an exemption greater than six thousand
17 dollars (\$6,000) during any tax year under ~~the provisions of~~ this section.

18 (2) ~~The provisions of this~~ This section ~~shall~~ does not apply to
19 retirement or disability benefits received under a plan, system, or fund
20 described in § 26-51-404(b)(6).

21 (c)(1) Title 26 U.S.C. § 72, as in effect on January 1, 2009, is the
22 sole method by which a recipient of benefits from an individual retirement
23 account or from public or private employment-related retirement systems,
24 plans, or programs may deduct or recover his or her cost of contribution to
25 the plan when computing his or her income for state income tax purposes.

26 (2) A taxpayer shall not ~~be allowed to~~ deduct or recover any
27 portion of the taxpayer's cost of contribution to the plan that the taxpayer:

28 (A) Has ~~once~~ already deducted or recovered; or

29 (B) Would have been allowed to deduct or recover under any
30 provision of law or court decision.

31 (d)(1) An individual who is sixty-five (65) years of age or older and
32 who does not claim an exemption under subsection (a) of this section ~~shall be~~
33 is entitled to an additional state income tax credit of twenty dollars
34 (\$20.00).

35 (2) This credit is in addition to all other credits allowed by
36 law.

1 (e)(1) The following are exempt from the income tax imposed under this
2 chapter:

3 (A) Retirement benefits received by a retired member of
4 the uniformed services; and

5 (B) Survivor benefits received by the beneficiary of a
6 uniformed services survivor benefit plan.

7 (2) As used in this subsection, "uniformed services" means the
8 following:

9 (A) The United States Army, the United States Marine
10 Corps, the United States Navy, the United States Air Force, the United States
11 Coast Guard, the United States Public Health Service Commissioned Corps, or
12 the National Oceanic and Atmospheric Administration Commissioned Officer
13 Corps;

14 (B) A federal reserve component of any of the uniformed
15 services listed in subdivision (e)(2)(A) of this section; and

16 (C) The National Guard of any state.

17 (f) A taxpayer may claim an exemption under subsection (a) of this
18 section and under subsection (e) of this section if the exempted benefits are
19 received from different retirement systems, plans, or programs.

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21 SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax
22 years beginning on or after January 1, 2017.

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