

**ARKANSAS SENATE**  
88th General Assembly - Regular Session, 2011  
**Amendment Form**

\*\*\*\*\*

**Subtitle of Senate Bill No. 758**

TO REPEAL CERTAIN INCOME TAX EXEMPTIONS, CREDITS, INCENTIVES, REDUCED  
RATES, AND OTHER STATUTES THAT REDUCE TAX LIABILITY AND TO PROVIDE  
FOR A CORRESPONDING ADJUSTMENT TO THE INCOME TAX RATES FOR  
INDIVIDUALS, TRUSTS, AND ESTATES.

\*\*\*\*\*

**Amendment No. 1 to Senate Bill No. 758**

Amend Senate Bill No. 758 as originally introduced:

Delete SECTION 35 in its entirety and substitute the following:

"SECTION 35. Arkansas Code § 26-51-303 is amended to read as follows:  
26-51-303. Exempt organizations.

(a) The following organizations shall be exempt from taxation under  
the Income Tax Act of 1929, § 26-51-101 et seq.:

~~(1) Fraternal benefit societies, orders, or associations;~~

~~(A) Operating under the lodge system or for the exclusive  
benefit of the members of a fraternity itself operating under the lodge  
system; and~~

~~(B) Providing for the payment of life, sick, accident, or  
other benefits to the members of such society, order, or association or their  
dependents;~~

~~(2) Domestic life and disability insurance companies and foreign  
insurance companies;~~

~~(3) Cemetery corporations;~~

~~(4) Business leagues, chambers of commerce, or boards of trade  
not organized for profit and no part of the net earnings of which inures to  
the benefit of any private stockholders or individuals;~~

~~(5) Civic leagues or organizations not organized for profit but  
operated exclusively for the promotion of social welfare;~~

~~(6) Farmers' or other mutual hail, cyclone, or fire insurance  
companies, or other domestic insurance companies writing lines of insurance  
other than those specified in subdivisions (a)(1) and (2) of this section,  
mutual ditch or irrigation companies, mutual or cooperative telephone  
companies, or like organizations of a purely local character, but only if  
eighty five percent (85%) or more of the income of the organization consists  
solely of assessments, dues, and fees collected from members for the sole  
purpose of meeting losses and expenses;~~

~~(7) Farmers', fruit growers', or like organizations organized  
and operated as sales agent for the purpose of marketing the products of~~



~~members and turning back to them the proceeds of sales, less the necessary selling expenses, on the basis of the quantity of produce furnished by them;~~

~~(8) Labor, agricultural, or horticultural organizations, no part of the net earnings of which inures to the benefit of any private stockholder or member;~~

~~(9) Corporations, trusts, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation, and which does not participate in, or intervene in, including the publishing or distributing of statements, any political campaign on behalf of or in opposition to any candidate for public office; and~~

~~(10) A political organization that does not have political organization taxable income for the tax year under 26 U.S.C. § 527, as in effect on January 1, 2009.~~

~~(b)(1) Every organization claiming exemption under this act shall notify the Revenue Division of the Department of Finance and Administration of its exempt status.~~

~~(2) Each such organization shall provide such additional information as the division shall also reasonably require for verification of the organization's exempt status.~~

~~(3) Provided, however, that any organization which is determined to be exempt from income taxation under the provisions of the Internal Revenue Code of 1986 for any one (1) or more of the purposes set forth in subsection (a) of this section shall verify its exempt status hereunder by delivery to the division of a copy of the document declaring its exempt status under the Internal Revenue Code of 1986.~~

(1) Domestic life, accident, and health insurance companies and foreign insurance companies; and

(2) Farmers' or other mutual hail, cyclone, or fire insurance companies, other domestic insurance companies writing lines of insurance other than those specified in subdivision (a)(1) of this section, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or similar organizations of a purely local character, if eighty-five percent (85%) or more of the income of the organization consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting losses and expenses.

(b)(1) An organization claiming an exemption under this section shall notify the Revenue Division of the Department of Finance and Administration of its exempt status.

(2) An organization claiming an exemption under this section shall provide any additional information that the division requires for verification of the organization's exempt status."

AND

Immediately following SECTION 35, add a new section to read as follows:

"SECTION 36. Arkansas Code § 26-51-304 is repealed.

~~26-51-304. Income from investments made by nonprofit organizations.~~

~~Income derived from investments made by nonprofit organizations, whether or not the organization is organized or exists under the laws of this state, shall be exempt from state income tax where the income is for the sole purpose of providing pension and annuity benefits to members of the nonprofit organizations."~~

AND

Appropriately renumber the sections of the bill

The Amendment was read the first time, rules suspended and read the second time and \_\_\_\_\_

By: Senator M. Lamoureux

JLL/JLL - 03/10/11 02:02

JLL179

\_\_\_\_\_  
Secretary