

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

As Engrossed: S3/12/13

A Bill

SENATE BILL 831

5 By: Senator Files
6

For An Act To Be Entitled

8 AN ACT TO ADOPT RECENT CHANGES TO THE INTERNAL
9 REVENUE CODE; TO MAKE TECHNICAL CORRECTIONS TO THE
10 INCOME TAX LAWS; AND FOR OTHER PURPOSES.
11

Subtitle

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14 TO ADOPT RECENT CHANGES TO THE INTERNAL
15 REVENUE CODE; AND TO MAKE TECHNICAL
16 CORRECTIONS TO THE INCOME TAX LAWS.
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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 § 26-51-404(a)(4), concerning the definition
22 of "gross income", is amended to read as follows:

23 (4) Title 26 U.S.C. § 117, as in effect on ~~January 1, 2011~~
24 January 2, 2013, regarding the taxability of scholarships, fellowships,
25 grants, and stipends, is adopted for the purpose of clarifying and
26 calculating Arkansas income tax liability.
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28 SECTION 2. Arkansas Code § 26-51-404(b)(9) and (10), concerning
29 exemptions from the definition of "gross income", are amended to read as
30 follows:

31 (9) In the case of an ordained, commissioned, or licensed
32 minister of a recognized church+

33 ~~(A) The rental value of a home furnished to him or her; or~~

34 ~~(B) The rental allowance paid to him or her, to the extent~~
35 ~~that the allowance is used by the minister to rent or to provide a home+, 26~~
36 U.S.C. § 107, as in effect on January 2, 2013, regarding the rental value of



1 parsonages, is adopted for the purpose of computing Arkansas income tax
2 liability;

3 (10) Title 26 U.S.C. §§ 108 and 1017, as in effect on ~~January 1,~~
4 ~~2011~~ January 2, 2013, regarding income from the discharge of indebtedness,
5 are adopted for the purpose of computing Arkansas income tax liability;
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7 SECTION 3. Arkansas Code § 26-51-404(b)(19) and (20), concerning
8 exemptions from the definition of “gross income”, are amended to read as
9 follows:

10 (19) Title 26 U.S.C. § 132, as in effect on ~~January 1, 2009~~
11 January 2, 2013, regarding the exclusion from income of certain fringe
12 benefits, is adopted for the purpose of computing Arkansas income tax
13 liability;

14 (20) Title 26 U.S.C. § 127, as in effect on ~~January 1, 2011~~
15 January 2, 2013, regarding the exclusion from gross income for employees
16 whose education expenses were paid by an employer, is adopted for the purpose
17 of computing Arkansas income tax liability;
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19 SECTION 4. Arkansas Code § 26-51-404(b)(25), concerning exemptions
20 from the definition of “gross income”, is amended to read as follows:

21 (25) Title 26 U.S.C. § 137, as in effect on ~~January 1, 2011~~
22 January 2, 2013, regarding the exclusion from gross income of benefits
23 received under an employer’s adoption assistance program, is adopted for the
24 purpose of computing Arkansas income tax liability;
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26 SECTION 5. Arkansas Code § 26-51-409(a), concerning the adoption of
27 the federal Subchapter S regarding small business corporations, is amended to
28 read as follows:

29 (a) Subchapter S of the Internal Revenue Code, 26 U.S.C. § 1361 et
30 seq., as in effect on ~~January 1, 2011~~ January 2, 2013, regarding small
31 business corporations, is adopted for the purpose of computing Arkansas
32 income tax liability.
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34 SECTION 6. Arkansas Code § 26-51-414(a)(1)(A), concerning the
35 application of certain federal law to deferred compensation plans for
36 purposes of computing income tax liability, is amended to read as follows:

1 (A) Title 26 U.S.C. §§ 72, 219, 402-404, 406-416, and 457,
2 as in effect on ~~January 1, 2011~~ January 2, 2013; and

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4 SECTION 7. Arkansas Code § 26-51-415 is amended to read as follows:
5 26-51-415. Deductions – Interest.

6 Title 26 U.S.C. § 163, as in effect on ~~January 1, 2011~~ January 2, 2013,
7 regarding deductions for interest expenses, is adopted for the purpose of
8 computing Arkansas income tax liability.

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10 SECTION 8. Arkansas Code § 26-51-419(a)(1), concerning deductions for
11 charitable contributions, is amended to read as follows:

12 (a)(1)~~(A)~~ Title 26 U.S.C. § 170, as in effect on ~~January 1, 2011~~
13 January 2, 2013, regarding deductions for charitable contributions, is
14 adopted for the purpose of computing Arkansas income tax liability.

15 ~~(B) This adoption is for taxable years beginning on or~~
16 ~~after January 1, 2011, and does not have an effect on tax years before its~~
17 ~~adoption.~~

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19 SECTION 9. Arkansas Code § 26-51-423(d), concerning deductions for
20 certain expenses, is amended to read as follows:

21 (d) Title 26 U.S.C. § 221, as in effect on ~~January 1, 2011~~ January 2,
22 2013, regarding the deduction of interest paid on qualified education loans,
23 is adopted for the purpose of computing Arkansas income tax liability.

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25 SECTION 10. Arkansas Code § 26-51-428(a), concerning the depreciation
26 and expensing of property, is amended to read as follows:

27 (a) Title 26 U.S.C. §§ 167, 168(a)-(j), and 179A, as in effect on
28 ~~January 1, 2009~~ January 2, 2013, and 26 U.S.C. § 179, as in effect on January
29 1, 2009, regarding depreciation and expensing of property, are adopted for
30 the purpose of computing Arkansas income tax liability for property purchased
31 in tax years beginning on or after January 1, ~~2009~~ 2012.

32
33 SECTION 11. Arkansas Code § 26-51-440(a)(1), concerning the adoption
34 of the federal Subchapter M, is amended to read as follows:

35 (a)(1) Subchapter M of the Internal Revenue Code, 26 U.S.C. § 851 et
36 seq., as in effect on ~~January 1, 2011~~ January 2, 2013, relating to regulated

1 investment companies, real estate investment trusts, real estate mortgage
2 investment conduits, and financial asset securitization investment trusts, is
3 adopted for the purpose of computing Arkansas income tax liability and shall
4 govern all corporations that are registered as investment companies under the
5 Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as in effect on
6 ~~January 1, 2011~~ January 2, 2013.

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8 SECTION 12. Arkansas Code § 26-51-445(a), concerning adoption
9 expenses, is amended to read as follows:

10 (a) Title 26 U.S.C. § 23, as in effect on ~~January 1, 2003~~ January 2,
11 2013, and 26 U.S.C. § 36C, as in effect on ~~January 1, 2011~~ January 2, 2013,
12 are adopted for purposes of determining the allowable credit for adoption-
13 related fees, costs, and expenses paid or incurred by a taxpayer.

14
15 SECTION 13. Arkansas Code § 26-51-448(a), concerning educational
16 individual retirement accounts, is amended to read as follows:

17 (a) Title 26 U.S.C. § 530, as in effect on ~~January 1, 2011~~ January 2,
18 2013, relating to educational individual retirement accounts, is adopted for
19 the ~~purposes~~ purpose of computing Arkansas income tax liability.

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21 SECTION 14. Arkansas Code § 26-51-502(b)(1), concerning the income tax
22 credit for household and dependent care services, is amended to read as
23 follows:

24 (b)(1) Title 26 U.S.C. § 21, as in effect on ~~January 1, 2011~~ January
25 2, 2013, is adopted for purposes of determining the allowable credit under
26 the Income Tax Act of 1929, § 26-51-101 et seq., for household and dependent
27 care services necessary for gainful employment.

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29 SECTION 15. Arkansas Code § 26-51-502(c)(1)(A)(i), concerning the
30 income tax credit for household and dependent care services, is amended to
31 read as follows:

32 (c)(1)(A)(i) A credit, which is equal to twenty percent (20%) of the
33 federal child care credit as allowed under Title 26 U.S.C. § 21, as in effect
34 on ~~January 1, 1993~~ January 2, 2013, shall be allowed to qualified individuals
35 against the income tax imposed by the Income Tax Act of 1929, § 26-51-101 et
36 seq.

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SECTION 16. Arkansas Code § 26-51-502(c)(3), concerning the income tax credit for household and dependent care services, is amended to read as follows:

(3) The credit allowed in this subsection shall be effective for taxable years beginning ~~January 1, 1993~~ January 1, 2013.

SECTION 17. EFFECTIVE DATE.

(a) Sections 5-8 and 10 of this act apply retroactively to tax years beginning on or after January 1, 2012.

(b) Sections 1-4, 9, and 11-16 of this act are effective for tax years beginning on or after January 1, 2013.

/s/Files

APPROVED: 04/16/2013