

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

INTERIM STUDY PROPOSAL 2009-121

State of Arkansas
87th General Assembly
Regular Session, 2009

A Bill

HOUSE BILL 1696

By: Representative Dismang

Filed with: House Interim Committee on Revenue and Taxation
pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

AN ACT TO ALLOW A TAX CREDIT AGAINST INCOME TAX
FOR EMPLOYERS WHO PROVIDE HEALTH INSURANCE FOR
EMPLOYEES; AND OTHER PURPOSES.

Subtitle

TO ALLOW A TAX CREDIT AGAINST INCOME TAX
FOR EMPLOYERS WHO PROVIDE HEALTH
INSURANCE FOR EMPLOYEES.

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

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5 is amended to add an additional section to read as follows:

26-51-513. Employer-provided health coverage.

(a) As used in this section, "health benefit plan" means the same as defined under § 23-86-202 et seq.

(b) There is allowed a credit against the income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., in an amount equal to ten percent (10%), up to a maximum of fifteen thousand dollars (\$15,000), of the total amount of the insurance premium paid by an employer for a health benefit plan for its employees.

(c) Any unused credit may be carried over for a maximum of five (5) consecutive years following the taxable year in which the credit originated.



1 (d) A taxpayer who receives a credit under this section shall not be
2 entitled to claim any other state or local tax credit or deduction based on
3 amount of the insurance premium paid by an employer for a health benefit plan
4 for its employees.

5 (e)(1) In the case of a proprietorship, a general partnership, a
6 limited partnership, a limited liability partnership, a limited liability
7 company, or a trust, the amount of the credit allowed under this section for
8 any taxable year shall be apportioned to each proprietor, partner, or
9 beneficiary in proportion to the amount of income that the proprietor,
10 partner, or beneficiary is required to include in his gross income.

11 (f) In the case of a Subchapter S corporation, as allowed by § 26-51-
12 409, the amount of the credit allowed under this section for any taxable year
13 shall be apportioned pro rata among the persons who are shareholders of the
14 corporation on the last day of the taxable year.

15 (g) For a pass-through entity that provides a health benefit plan for
16 its employees, the entire amount of a credit or any portion of a credit
17 allowed under this section may be passed-through to the owner of the entity.

18 (h) A credit shall not be allowed under this section to any
19 organization which is exempt from state income tax.

20 (i)(1) The Department of Finance and Administration may promulgate
21 rules as necessary to carry out the purposes of this section.

22
23 SECTION 2. This act is effective for tax years beginning on or after
24 January 1, 2009.