

1 State of Arkansas

2 80th General Assembly

3 Regular Session, 1995

4 By: Representative McGinnis

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For An Act To Be Entitled

8 "AN ACT TO AMEND ARK. CODE ANN. § 24-5-108 TO PROVIDE
9 ALTERNATE TAX TREATMENT OF MEMBER CONTRIBUTIONS PAID INTO
10 THE ARKANSAS STATE HIGHWAY EMPLOYEES' RETIREMENT SYSTEM
11 FUND UNDER SECTION 414(h) OF THE INTERNAL REVENUE CODE; TO
12 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

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Subtitle

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

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23 SECTION 1. Ark. Code Ann. § 24-5-108 is amended by adding a new
24 subdivision (d) to read as follows:

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"(d) The members' contributions paid pursuant to subsection (a) shall be treated as employer contributions for the purpose of determining tax treatment under the United States Internal Revenue Code for all wages paid after June 30, 1995. The effective date of the employer payment shall not be before the date the retirement plan has received notification from the United States Internal Revenue Service that, pursuant to Section 414(h) of the United States Internal Revenue Code, the member contributions paid will not be included in gross income for income tax purposes until the paid contributions are distributed by refund or pension payments. The employer shall pay the member contributions from monies established and available in the retirement deduction account, which monies would otherwise have been

1 designated as member contributions and paid to the retirement plan. Member
2 contributions paid pursuant to this subsection shall be treated for all other
3 purposes in the same manner and to the same extent as member contributions
4 made before the approval of the Internal Revenue Service pursuant to this
5 section."

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7 SECTION 2. All provisions of this act of a general and permanent
8 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
9 Code Revision Commission shall incorporate the same in the Code.

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

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17 SECTION 4. All laws and parts of laws in conflict with this act are
18 hereby repealed.

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20 SECTION 5. EMERGENCY. It is hereby found and determined by the
21 General Assembly of the State of Arkansas that the allowance of alternative
22 tax treatments of member contributions to the Arkansas State Highway
23 Employees' Retirement System Fund is permissible pursuant to the United
24 States Internal Revenue Code; that many employers allow such treatment under
25 various retirement plans; that many retirees of the Arkansas State Highway
26 Employees_ Retirement System are under the mistaken impression that they are
27 treated similarly as employees under other retirement plans which allow the
28 alternative tax treatment; that confusion and misunderstanding with respect
29 to reporting appropriate retirement incomes to the state and federal
30 government has arisen; that only by the amendments contained in this act will
31 such confusion and misunderstanding be abated; and that this act is essential
32 to the continued operation of state government. Therefore, an emergency is
33 hereby declared to exist and this act being necessary for the immediate
34 preservation of the public peace, health and safety shall be in full force
35 and effect on and after July 1, 1995.

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