

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Senator Keet

A Bill

SENATE BILL 842

For An Act To Be Entitled

"AN ACT TO EXEMPT THE FIRST SIX THOUSAND DOLLARS (\$6,000)
OF RETIREMENT OR DISABILITY FUNDS FROM AN INDIVIDUAL
RETIREMENT ACCOUNT FROM STATE INCOME TAX; AND FOR OTHER
PURPOSES."

Subtitle

"AN ACT TO EXEMPT CERTAIN RETIREMENT
FUNDS FROM STATE INCOME TAX."

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

SECTION 1. Arkansas Code Annotated §26-51-307 is hereby amended to
read as follows:

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

*(a) The first six thousand dollars (\$6,000) of retirement or
disability benefits received after December 31, 1988, by any resident of this
state from public or private employment-related retirement systems, plans, or
programs or from an individual retirement accounts (as defined under the
Internal Revenue Code of 1986), regardless of the method of funding for such
systems, plans, programs, or accounts, shall be exempt from the state income
tax.*

*(b)(1) Except as provided in subdivision (3) of this subsection, the
exemption provided for in this section for benefits received from a public or
private employment-related retirement or disability system, plan, or program
or from an individual retirement account shall be the only exemption from
state income taxes allowed for retirement or disability benefits received
from any publicly or privately supported system, plan, or program or*

1 individual retirement account, excepting only benefits received under
2 systems, plans, programs or accounts which are by federal law exempt from
3 state income taxes.

4 (2) Any resident of this state who prior to January 1, 1989,
5 received both military retirement or disability pay and other retirement or
6 disability benefits shall be entitled to claim only one (1) six thousand
7 dollar deduction beginning with tax year 1989.

8 (3) The provisions of this section shall not apply to retirement
9 or disability benefits received under a plan, system, or fund described in
10 § 26-51-404(b)(7).

11 (c) No recipient of retirement or disability benefits from public or
12 private employment-related retirement systems, plans, or programs or from
13 individual retirement accounts shall be allowed to deduct or recover his cost
14 of contribution in the plan when computing his income for state income tax
15 purposes.

16 (d) An individual who is sixty-five (65) years of age or older and who
17 does not claim an exemption under subsection (a) of this section shall be
18 entitled to an additional state income tax credit of twenty dollars (\$20.00).
19 This credit is in addition to all other credits allowed by law."
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21 SECTION 2. The provisions of this act shall become effective for income
22 years beginning from and after January 1, 1995, thereby being applicable to
23 tax returns filed from and after January 1, 1996.
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25 SECTION 3. All provisions of this act of a general and permanent
26 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
27 Code Revision Commission shall incorporate the same in the Code.
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29 SECTION 4. If any provision of this act or the application thereof to
30 any person or circumstance is held invalid, such invalidity shall not affect
31 other provisions or applications of the act which can be given effect without
32 the invalid provision or application, and to this end the provisions of this
33 act are declared to be severable.
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35 SECTION 5. All laws and parts of laws in conflict with this act are

1 hereby repealed.

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/s/ Keet