

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

A Bill

SENATE BILL 648

4
5 By: Senator Webb
6
7

For An Act To Be Entitled

8
9 "AN ACT TO INCLUDE INDIVIDUAL RETIREMENT ACCOUNTS IN THE
10 EXEMPTION FROM STATE INCOME TAX; AND FOR OTHER PURPOSES."
11

Subtitle

12
13 "AN ACT TO INCLUDE INDIVIDUAL RETIREMENT
14 ACCOUNTS IN THE EXEMPTION FROM STATE
15 INCOME TAX."
16

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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19 SECTION 1. Arkansas Code 26-51-307 is amended to read as follows:

20 "26-51-307. Retirement or disability benefits.

21 (a) The first six thousand dollars (\$6,000) of retirement or disability
22 benefits received after December 31, ~~1988~~ 1995, by any resident of this state
23 from individual retirement accounts (as defined under the Internal Revenue
24 Code of 1986), public or private employment-related individual retirement
25 systems, accounts, plans, or programs, regardless of the method of funding for
26 such systems, plans, or programs, shall be exempt from the state income tax.

27 (b)(1) Except as provided in subdivision (3) of this subsection, the
28 exemption provided for in this section for benefits received from a public or
29 private employment-related retirement or disability system, plan, ~~or~~ program
30 or individual retirement account shall be the only exemption from state income
31 taxes allowed for retirement or disability benefits received from any publicly
32 or privately supported system, plan, ~~or~~ program or individual retirement
33 account, excepting only benefits received under systems, plans, ~~or~~ programs or
34 accounts which are by federal law exempt from state income taxes.

35 (2) Any resident of this state who prior to January 1, ~~1989~~ 1996,
36 received both military retirement or disability pay and other retirement or

1 disability benefits shall be entitled to claim only one (1) six thousand
2 dollar deduction beginning with tax year ~~1989~~ 1996.

3 (3) The provisions of this section shall not apply to retirement
4 or disability benefits received under a plan, system, or fund described in §
5 26-51-404(b)(7).

6 (c) No recipient of retirement or disability benefits from public or
7 private employment-related retirement systems, plans, ~~or~~ programs or accounts
8 shall be allowed to deduct or recover his cost of contribution in the plan
9 when computing his income for state income tax purposes.

10 (d) An individual who is sixty-five (65) years of age or older and who
11 does not claim an exemption under subsection (a) of this section shall be
12 entitled to an additional state income tax credit of twenty dollars (\$20.00).
13 This credit is in addition to all other credits allowed by law."
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15 SECTION 2. All provisions of this act of a general and permanent nature
16 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
17 Revision Commission shall incorporate the same in the Code.
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19 SECTION 3. If any provision of this act or the application thereof to
20 any person or circumstance is held invalid, such invalidity shall not affect
21 other provisions or applications of the act which can be given effect without
22 the invalid provision or application, and to this end the provisions of this
23 act are declared to be severable.
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25 SECTION 4. All laws and parts of laws in conflict with this act are
26 hereby repealed.
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28 SECTION 5. EMERGENCY. It is found and determined by the General
29 Assembly of the State of Arkansas that the income tax provisions relating to
30 individual retirement accounts need amending in order to be consistent with
31 other retirement systems, plans or programs, and to reflect current trends.
32 Therefore, an emergency is declared to exist and this act being immediately
33 necessary for the preservation of the public peace, health and safety shall
34 become effective on the date of its approval by the Governor. If the bill is
35 neither approved nor vetoed by the Governor, it shall become effective on the
36 expiration of the period of time during which the Governor may veto the bill.

1 If the bill is vetoed by the Governor and the veto is overridden, it shall
2 become effective on the date the last house overrides the veto.

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