

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999

A Bill

HOUSE BILL 2255

4
5 By: Representatives Ferrell, Gullett, Jones
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For An Act To Be Entitled

8
9 "AN ACT TO PROVIDE THAT CAPITAL GAIN TAX REVENUES
10 SHALL BE DEDICATED TO PROGRAMS WHICH ENHANCE ECONOMIC
11 DEVELOPMENT IN THE STATE; TO ADOPT THE FEDERAL ROTH
12 IRA PROVISIONS FOR ARKANSAS INCOME TAX PURPOSES; AND
13 FOR OTHER PURPOSES. "

Subtitle

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16 "TO PROVIDE THAT CAPITAL GAIN TAX
17 REVENUES SHALL BE DEDICATED TO PROGRAMS
18 WHICH ENHANCE ECONOMIC DEVELOPMENT IN
19 THE STATE; TO ADOPT THE FEDERAL ROTH IRA
20 PROVISIONS FOR ARKANSAS INCOME TAX
21 PURPOSES. "

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24 WHEREAS, the economic development and vitality of the State of Arkansas
25 is of great concern to the General Assembly and to the citizens of the state,
26 and

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28 WHEREAS, it is the intent of the General Assembly to assist Arkansas in
29 improving its economy through building a strong infrastructure and protecting
30 the natural resources of the state, and

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32 WHEREAS, productivity growth, technological innovation, and human skill
33 motivation are critical in improving the economy of the state and protecting
34 the state's resources, and

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36 WHEREAS, recent changes and future directions in the work place indicate

1 a need for a broadly educated, skilled and motivated work force with the
 2 ability to respond to technological advances, and

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 4 NOW THEREFORE,

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

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 7 SECTION 1. Arkansas Code § 26-51-815 is amended by adding a new
 8 subsection to the end thereof to read as follows:

9 "The tax imposed by this section shall be used for soil and water
 10 improvement programs; workforce training programs; education training
 11 programs; and transportation programs in the following amounts:

12 (1) For the taxable year beginning on January 1, 2000, twenty-five
 13 percent (25%) of the tax imposed by this section shall be dedicated to the
 14 purposes set forth herein;

15 (2) For the taxable year beginning on January 1, 2001, fifty percent
 16 (50%) of the tax shall be dedicated to the purposes set forth herein;

17 (3) For the taxable year beginning on January 1, 2002, seventy-five
 18 percent (75%) of the tax shall be dedicated to the purposes set forth herein;
 19 and

20 (4) For the taxable year beginning on January 1, 2003 and for each
 21 taxable year thereafter, the entire amount of the tax shall be dedicated to
 22 the purposes set forth herein."

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 24 SECTION 2. Arkansas Code 26-51-414 is amended to read as follows:

25 "26-51-414. Deferred compensation plans.

26 (a) Sections 72, 219, 401-404, and 406-416 inclusive, and § 457 of the
 27 Internal Revenue Code of 1986, as in effect on January 1, 1997, relating to
 28 annuities, retirement savings, and employee benefit plans, respectively, are
 29 hereby adopted for the purpose of computing Arkansas income tax liability,
 30 except Arkansas capital gains treatment, and the Arkansas tax rates shall
 31 apply. The requirements for filing a joint return under § 219(c)(1)(A) of the
 32 Internal Revenue Code of 1986 shall not apply. ~~Any additional tax or penalty~~
 33 ~~imposed by this section shall be ten percent (10%) of the amount of any~~
 34 ~~additional tax or penalty provided in the federal income tax law adopted by~~
 35 ~~this section.~~

36 (b) Section 408A of the Internal Revenue Code of 1986, as in effect on

1 January 1, 1999, relating to Roth individual retirement accounts, is hereby
 2 adopted for the purpose of computing Arkansas income tax liability with the
 3 following exceptions:

4 (1) Sections 408A(d)(3)(A)(iii) and 408A(d)(3)(E) are not adopted.

5 All income from and tax attributable to distributions from a non-Roth IRA to
 6 a Roth IRA prior to January 1, 1999, shall be reported for tax year 1998 and
 7 the tax may be paid over a four (4) year period as permitted by the Director.

8 (2) Adjusted gross income under 408A(c)(3), shall be determined in
 9 the same manner as under Arkansas Code 26-51-403(b).

10 (c) Any additional tax or penalty imposed by this section shall be ten
 11 percent (10%) of the amount of any additional tax or penalty provided in the
 12 federal income tax law adopted by this section."

13 (d) The provisions of this section shall become effective for tax years
 14 beginning on and after January 1, 1999.

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 16 SECTION 3. All provisions of this act of a general and permanent nature
 17 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
 18 Revision Commission shall incorporate the same in the Code.

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 20 SECTION 4. If any provision of this act or the application thereof to
 21 any person or circumstance is held invalid, such invalidity shall not affect
 22 other provisions or applications of the act which can be given effect without
 23 the invalid provision or application, and to this end the provisions of this
 24 act are declared to be severable.

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 26 SECTION 5. All laws and parts of laws in conflict with this act are
 27 hereby repealed.

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