

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.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

HOUSE BILL 1645

4
5 By: Representative Sample
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For An Act To Be Entitled

9 AN ACT TO ESTABLISH AN INCOME TAX CREDIT FOR
10 LONG-TERM CARE INSURANCE PREMIUMS; AND FOR OTHER
11 PURPOSES.
12

Subtitle

13 TO ESTABLISH AN INCOME TAX CREDIT FOR
14 LONG-TERM CARE INSURANCE PREMIUMS.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5 is amended
21 to add an additional section to read as follows:

22 26-51-512. Long-term care insurance premiums.

23 (a) As used in this section, "eligible long-term care premiums" means
24 eligible long-term care premiums under § 213(d)(10) of the Internal Revenue
25 Code of 1986, as in effect on January 1, 2005, which has been adopted for the
26 purpose of computing Arkansas income tax liability in § 26-51-423(a)(2).

27 (b)(1) For tax year 2005, a credit shall be allowed against the income
28 tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., equal to two
29 and one-half percent (2.5%) of the eligible long-term care premiums paid by
30 the taxpayer during a tax year for a long-term care insurance contract
31 covering the taxpayer.

32 (2) For tax year 2006, a credit shall be allowed against the
33 income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., equal
34 to five percent (5%) of the eligible long-term care premiums paid by the
35 taxpayer during a tax year for a long-term care insurance contract covering
36 the taxpayer.



1 (3) For tax year 2007, a credit shall be allowed against the
2 income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., equal
3 to seven and one-half percent (7.5%) of the eligible long-term care premiums
4 paid by the taxpayer during a tax year for a long-term care insurance
5 contract covering the taxpayer.

6 (4) For tax years beginning on and after January 1, 2008, a
7 credit shall be allowed against the income tax imposed by the Income Tax Act
8 of 1929, § 26-51-101 et seq., equal to ten percent (10%) of the eligible
9 long-term care premiums paid by the taxpayer during a tax year for a long-
10 term care insurance contract covering the taxpayer.

11 (c)(1) The amount of the credit allowed for eligible long-term care
12 premiums may not exceed the taxpayer's Arkansas income tax due for a taxable
13 year.

14 (2) The amount of the credit not used during a taxable year may
15 not be carried over to any subsequent tax year.

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17 SECTION 2. Arkansas Code 26-51-423(a), concerning deductions from
18 gross income, is amended to read as follows:

19 (a) In computing net income, there shall be allowed as deductions the
20 following expenses:

21 (1) Business expenses. All of § 162, except subsection (n), of
22 the Internal Revenue Code of 1986, as in effect on January 1, 1999, regarding
23 trade or business expenses, is hereby adopted for the purpose of computing
24 Arkansas income tax liability;

25 (2) Medical and dental expenses. Section 213 of the Internal
26 Revenue Code of 1986, as in effect on January 1, 1997, is adopted in
27 computing the medical and dental expense deduction under the state income tax
28 law with the exception of the deduction for eligible long-term care premiums
29 under § 213(d)(10) of the Internal Revenue Code of 1986;

30 (3) Travel expenses. In determining travel expenses deductible
31 as a business expense in computing net income as provided under subdivision
32 (a)(1) of this section, the deduction for vehicle miles shall be determined
33 by the Director of the Department of Finance and Administration under his
34 regulatory authority in § 26-18-301; and

35 (4) Moving expenses. Section 217 of the Internal Revenue Code of
36 1986, as in effect on January 1, 1995, regarding the deduction of moving

1 expenses, is hereby adopted for the purpose of computing Arkansas income tax
2 liability.

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