

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.

State of Arkansas  
85th General Assembly  
Regular Session, 2005

As Engrossed: H3/3/05

# A Bill

HOUSE BILL 2392

By: Representatives Bradford, J. Johnson, Ledbetter, Mahony, L. Smith

## For An Act To Be Entitled

AN ACT TO AMEND THE ESTATE TAX LAW OF ARKANSAS;  
AND FOR OTHER PURPOSES.

## Subtitle

TO AMEND THE ESTATE TAX LAW OF ARKANSAS.

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

SECTION 1. Arkansas Code § 26-59-102 is amended to read as follows:  
26-59-102. Definitions.

As used in this chapter, ~~unless the context otherwise requires:~~

(1) ~~"Director" means the Director of the Department of Finance and Administration~~ "Adjusted taxable estate" means the taxable estate reduced by sixty thousand dollars (\$60,000);

(2) "Executor" means the executor, administrator, curator, fiduciary, or custodian of property of a decedent, or, if there is no executor, administrator, curator, fiduciary, or custodian appointed, qualified, and acting, then any person who is in the actual or constructive possession of any property included in the gross estate of the decedent;

(3) "Person" means individuals, natural persons, corporations, associations, partnerships, limited liability companies, joint-stock companies, business trusts, and inter vivos trusts;

(4) "Transfer" shall be taken to include the passing of property or any interest therein, in possession or enjoyment, present or future, by inheritance, descent, devise, succession, bequest, grant, deed, bargain, sale, gift, or appointment in the manner described in this chapter;

(5) "Decedent" shall include the testator, intestate, grantor,



1 bargainor, vendor, or donor;

2 (6) "Resident" means an individual or natural person domiciled  
3 in the State of Arkansas as provided by statute or otherwise;

4 (7) "Nonresident" means an individual or natural person domiciled  
5 without the State of Arkansas;

6 (8) "Gross estate" means the gross estate as determined under  
7 ~~the provisions of the applicable federal revenue act~~ §§ 2031 through 2045 of  
8 the Internal Revenue Code of 1986 as in effect on January 1, 2005;

9 ~~(9) "Net estate" means the net estate as determined under the~~  
10 ~~provisions of the applicable federal revenue act;~~

11 ~~(10)(9) "Tangible personal property" means corporeal personal~~  
12 ~~property, including money+; and~~

13 (10) "Taxable estate" means the taxable estate determined under  
14 §§ 2051 and 2053 through 2057 of the Internal Revenue Code of 1986, as in  
15 effect on January 1, 2005.

16  
17 SECTION 2. Arkansas Code §§ 26-59-103 and 26-59-104 are amended to  
18 read as follows:

19 26-59-103. ~~Chapter to remain in effect while federal government~~  
20 ~~imposes estate tax.~~ Levy of tax.

21 ~~This chapter shall remain in force and effect so long as the United~~  
22 ~~States Government retains in full force and effect, as a part of the revenue~~  
23 ~~laws of the United States, the present federal estate tax, and this chapter~~  
24 ~~shall cease to be operative when the United States Government ceases to~~  
25 ~~impose any estate tax of the United States.~~

26 (a) Except for adjusted taxable estates that are more than ten million  
27 forty thousand dollars (\$10,040,000), the tax levied under this subchapter  
28 shall be determined for the adjusted taxable estate as provided in § 26-59-  
29 104.

30 (b) Adjusted taxable estates that are more than ten million forty  
31 thousand dollars (\$10,040,000) shall be taxed at a flat rate of sixteen  
32 percent (16%) of the adjusted taxable estate.

33  
34 26-59-104. ~~Federal rules of interpretation applicable.~~ Tax table.

35 ~~When not otherwise provided for in this chapter, the rules of~~  
36 ~~interpretation and construction applicable to the estate tax laws of the~~

1 ~~United States shall apply to and be followed in the interpretation of this~~  
 2 ~~chapter.~~

3 Except for adjusted taxable estates that are more than ten million  
 4 forty thousand dollars (\$10,040,000), the tax levied under this subchapter  
 5 shall be as follows:

<u>Adjusted Taxable Estate</u>	<u>Tax</u>
<u>Below \$90,000</u>	<u>\$0</u>
<u>\$90,000 to 140,000</u>	<u>400</u>
<u>140,001 to 240,000</u>	<u>1,200</u>
<u>240,001 to 440,000</u>	<u>3,600</u>
<u>440,001 to 640,000</u>	<u>10,000</u>
<u>640,001 to 840,000</u>	<u>18,000</u>
<u>840,001 to 1,040,000</u>	<u>27,600</u>
<u>1,040,001 to 1,540,000</u>	<u>38,800</u>
<u>1,540,001 to 2,040,000</u>	<u>70,800</u>
<u>2,040,001 to 2,540,000</u>	<u>106,800</u>
<u>2,540,001 to 3,040,000</u>	<u>146,800</u>
<u>3,040,001 to 3,540,000</u>	<u>190,800</u>
<u>3,540,001 to 4,040,000</u>	<u>238,800</u>
<u>4,040,001 to 5,040,000</u>	<u>290,800</u>
<u>5,040,001 to 6,040,000</u>	<u>402,800</u>
<u>6,040,001 to 7,040,000</u>	<u>522,800</u>
<u>7,040,001 to 8,040,000</u>	<u>650,800</u>
<u>8,040,001 to 9,040,000</u>	<u>786,800</u>
<u>9,040,001 to 10,040,000</u>	<u>930,800</u>

27  
 28 SECTION 3. Arkansas Code §§ 26-59-106 and 26-59-107 are amended to  
 29 read as follows:

30 26-59-106. Amount of tax imposed – Resident estates.

31 (a) A tax is imposed under this subchapter upon the transfer of real  
 32 estate and personal property of every kind owned by every person who, at the  
 33 time of death, was a resident of the State of Arkansas, ~~the amount of which~~  
 34 ~~shall be a sum equal to the federal credit allowable under the federal estate~~  
 35 ~~tax laws, 26 U.S.C. § 2001 et seq., as in effect on January 1, 1999.~~

36 (b) Ownership of property shall include shares or certificates of

1 indebtedness or other evidences of stock ownership in foreign companies or  
2 corporations, which shares or certificates are present in this state.

3 ~~(c)(1) If any portion of the property of the estate is located in~~  
4 ~~another state and the other state participates in the federal credit~~  
5 ~~allowable, then the Arkansas tax shall be the proportional part of the credit~~  
6 ~~allowable as the Arkansas property bears to the entire estate. However, if~~  
7 ~~the other state shall have a reciprocal provision as to nontaxability of~~  
8 ~~property of nonresidents, then all of the federal credit allowable shall be~~  
9 ~~paid to this state.~~

10 ~~(2) However, if no federal estate tax is imposed upon the~~  
11 ~~transfer of property, no Arkansas estate tax shall be imposed on such~~  
12 ~~transfer.~~

13  
14 26-59-107. Tax imposed – Nonresident estates.

15 (a) A tax is imposed under this subchapter upon the transfer of all  
16 real, tangible, and intangible personal property located in the State of  
17 Arkansas of any nonresident of this state ~~in a sum equal to the proportion of~~  
18 ~~the federal credit allowable under the federal estate tax laws, 26 U.S.C. §~~  
19 ~~2001 et seq., as in effect on January 1, 1999, for estate, inheritance,~~  
20 ~~legacy, and succession taxes that the Arkansas property of such deceased~~  
21 ~~person bears to the property of the entire estate, wherever located.~~

22 (b) The term "Arkansas property" shall be construed to include,  
23 without limiting its generality by this specification, the following items of  
24 intangible personal property:

25 (1) Debts including bank deposits owed to the decedent by any  
26 individual resident in this state, or by any bank or other corporation  
27 organized under the laws of this state, or by any national bank doing  
28 business in this state without regard to the physical location of any written  
29 evidence of indebtedness; and

30 (2) Shares of the capital stock of any corporation organized  
31 under the laws of this state without regard to the physical location of the  
32 stock certificate.

33 ~~(c) However, if the decedent at the time of death was a resident of a~~  
34 ~~state or territory of the United States, which, at the time of his death,~~  
35 ~~provides an exemption to residents of this state from transfer or death~~  
36 ~~taxes, then the nonresident of the other state or territory shall be exempt~~

1 ~~from the payment of said estate or inheritance tax in this state.~~

2 ~~(d) However, if no federal estate tax is imposed upon the transfer of~~  
3 ~~property, no Arkansas estate tax shall be imposed on such transfer.~~

4  
5 SECTION 4. Arkansas Code §§ 26-59-110(3), concerning the information  
6 included on an estate tax return, is amended to read as follows:

7 (3) The value of the ~~net~~ taxable estate of the decedent as  
8 defined in ~~this chapter~~ § 26-59-102(10);

9  
10 SECTION 5. Arkansas Code § 26-59-111 is amended to read as follows:

11 26-59-111. Estate tax return – Extension of filing time.

12 (a)(1) Any person who requests and receives an extension of time in  
13 which to file a federal estate tax return, as provided by 26 U.S.C. § 6081,  
14 as amended, and in effect on January 1, ~~2002~~ 2005, shall be granted an  
15 extension of time in which to file the Arkansas estate tax return for the  
16 same period of time as granted for the filing of the federal estate tax  
17 return.

18 (2) Any person who is not required to file a federal estate tax  
19 return, but who is required to file an estate tax return under this  
20 subchapter, may file a request with the Director of the Department of Finance  
21 and Administration for an extension of the deadline for filing the return.

22 (b)(1) This request for extension of time in which to file shall be  
23 granted by the timely filing of a copy of the federal application form with  
24 the Director of the Department of Finance and Administration and then  
25 attaching to the Arkansas estate tax return, when actually filed with the  
26 director, a copy of the document granting such federal extension.

27 (2)(A) For determining whether the director shall grant a  
28 request for extension of time for filing an estate tax return under this  
29 subchapter, §§ 6161(a)(2), 6161(b)(2), and 6166 of the Internal Revenue Code  
30 of 1986 as in effect on January 1, 2005, are adopted.

31 (B) No extension shall be granted under this subdivision  
32 (b)(2) for any deficiency if the deficiency is due to negligence, intentional  
33 disregard of rules and regulations, or with the intent to evade the tax  
34 imposed under this subchapter.

35 (c) The director shall assess interest at the rate of ten percent  
36 (10%) per annum on the amount of estate tax finally determined to be due from

the date the estate tax return was originally due to be filed.

SECTION 6. This act applies to deaths that occur on or after January 1, 2006.

*/s/ Bradford, et al*