

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

SENATE BILL 1165

4
5 By: Senator Womack
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For An Act To Be Entitled

9 AN ACT TO INCREASE THE AMOUNT OF THE RETIREMENT
10 OR DISABILITY BENEFITS INCOME TAX EXEMPTION; AND
11 FOR OTHER PURPOSES.
12

Subtitle

13 AN ACT TO INCREASE THE AMOUNT OF THE
14 RETIREMENT OR DISABILITY BENEFITS INCOME
15 TAX EXEMPTION.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 26-51-307(a)(1), pertaining to the amount
22 of the retirement or disability benefits income tax exemption, is amended to
23 read as follows:

24 (a)(1)(A) The For tax years ending before January 1, 2005, the first
25 six thousand dollars (\$6,000) of benefits received by any resident of this
26 state from an individual retirement account or the first six thousand dollars
27 (\$6,000) of retirement benefits received by any resident of this state from
28 public or private employment-related retirement systems, plans, or programs,
29 regardless of the method of funding for these systems, plans, or programs,
30 shall be exempt from the state income tax.

31 (B) For the tax year beginning on or after January 1,
32 2005, the first seven thousand five hundred dollars (\$7,500) of benefits
33 received by any resident of this state from an individual retirement account
34 or the first seven thousand five hundred dollars (\$7,500) of retirement
35 benefits received by any resident of this state from public or private
36 employment-related retirement systems, plans, or programs, regardless of the



1 method of funding for these systems, plans, or programs, shall be exempt from
2 the state income tax.

3 (C) For the tax year beginning on or after January 1,
4 2006, the first nine thousand dollars (\$9,000) of benefits received by any
5 resident of this state from an individual retirement account or the first
6 nine thousand dollars (\$9,000) of retirement benefits received by any
7 resident of this state from public or private employment-related retirement
8 systems, plans, or programs, regardless of the method of funding for these
9 systems, plans, or programs, shall be exempt from the state income tax.

10 (D) For tax years beginning on or after January 1, 2007,
11 and each subsequent tax year, the exemption amount provided under subdivision
12 (a)(1)(C) shall be increased by three percent (3%) for each tax year.

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14 SECTION 2. Arkansas Code § 26-51-307(b)(1)(B), pertaining to the
15 amount of the retirement or disability benefits income tax exemption, is
16 amended to read as follows:

17 (B) No taxpayer shall receive an exemption greater than
18 ~~six thousand dollars (\$6,000)~~ the amount allowed in this section for each tax
19 year, including any increases in the exemption under subsection (a) of this
20 section, during any tax year under the provisions of this section.

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22 SECTION 3. Arkansas Code § 26-26-310(b)(2)(C), pertaining to
23 distributions from the Property Tax Relief Trust Fund, is amended to read as
24 follows:

25 (C)(i) Commencing December 31, 2002, and each December 31
26 thereafter, the Chief Fiscal Officer of the State, in cooperation with the
27 Legislative Council and the Legislative Auditor, shall determine that portion
28 of the balance remaining that is in excess of the required reimbursement to
29 the counties and shall certify the excess to the Treasurer of State.

30 (ii)(a) Each fiscal year the Director of the
31 Department of Finance and Administration shall determine the cost in the
32 previous fiscal year of the tax exemption under § 26-51-307(a)(1) and the
33 cost that would have been incurred by the state if the tax exemption had
34 remained at six thousand dollars (\$6,000) and shall certify the difference to
35 the Treasurer of State.

36 (b) To the extent that sufficient funds are

1 available, the Treasurer of State shall transfer the certified amount from
2 excess funds under subdivision (b)(2)(C) of this section to the General
3 Revenue Fund Account of the State Apportionment Fund.

4 (c) ~~Such~~ Any excess funds remaining after the
5 distribution under subdivision (b)(2)(C)(ii)(b) of this section may be used
6 in accordance with subsequent legislation to provide additional tax relief or
7 financial assistance to school districts that incur a reduction in revenue as
8 a direct result of Arkansas Constitution, Amendment 79.

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