

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 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: S1/16/07 S1/17/07

A Bill

SENATE BILL 5

5 By: Senator R. Thompson
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For An Act To Be Entitled

9 AN ACT TO ALLOW TAX-FREE DISTRIBUTIONS FROM
10 INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE
11 *PURPOSES AS ADOPTED IN SECTION 408(d)(8) OF THE*
12 FEDERAL INTERNAL REVENUE CODE.
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Subtitle

15 TO ALLOW TAX-FREE DISTRIBUTIONS FROM
16 INDIVIDUAL RETIREMENT PLANS FOR
17 CHARITABLE PURPOSES AS ADOPTED IN THE
18 FEDERAL INTERNAL REVENUE CODE.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code §26-51-404(b) is amended to add a new
24 subsection to read as follows:

25 26-51-404. Gross income generally.

26 (b) "Gross income" does not include the following items, which shall
27 be exempt from taxation under this act:

28 (28) Section 408(d)(8) of the Internal Revenue Code of 1986, as
29 in effect on January 1, 2007, relating to tax-free distributions from
30 individual retirement plans for charitable purposes for taxable years 2006
31 and 2007, is adopted for the purpose of computing Arkansas income tax
32 liability.
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34 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
35 General Assembly of the State of Arkansas that the federal Pension Protection
36 Act of 2006 provides that for taxable years 2006 and 2007, taxpayers seventy



1 and one-half (70 1/2) years of age and older may make a charitable
2 distribution in an amount up to one hundred thousand dollars (\$100,000) from
3 an Individual Retirement Account, which charitable distribution shall not be
4 included in the gross income for the taxpayer for the taxable year. The
5 federal Pension Protection Act of 2006, only applicable for taxable years
6 2006 and 2007, encourages benefactors to increase charitable giving by
7 providing tax-free rollovers. Since the federal Pension Protection Act of
8 2006 is temporary it is necessary to immediately adopt the language of
9 Internal Revenue Code Section 408(d)(8) to allow for parity in preparing
10 federal and state income tax returns. Therefore, an emergency is declared to
11 exist and this act being immediately necessary for the preservation of the
12 public peace, health, and safety shall become effective on:

13 (1) The date of its approval by the Governor;

14 (2) If the bill is neither approved nor vetoed by the Governor,
15 the expiration of the period of time during which the Governor may veto the
16 bill; or

17 (3) If the bill is vetoed by the Governor and the veto is
18 overridden, the date the last house overrides the veto.

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20 /s/ R. Thompson
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