

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 *As Engrossed: S1/16/07 S1/17/07 S1/24/07*

2 86th General Assembly

# A Bill

3 Regular Session, 2007

SENATE BILL 5

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5 By: Senator R. Thompson

6 *By: Representatives Hardwick, Key*

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## For An Act To Be Entitled

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

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## Subtitle

16 TO ALLOW TAX-FREE DISTRIBUTIONS FROM  
17 INDIVIDUAL RETIREMENT PLANS FOR  
18 CHARITABLE PURPOSES AS ADOPTED IN THE  
19 FEDERAL INTERNAL REVENUE CODE.

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

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24 SECTION 1. Arkansas Code §26-51-404(b) is amended to add a new  
25 subsection to read as follows:

26 26-51-404. Gross income generally.

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

29 (28) Section 408(d)(8) of the Internal Revenue Code of 1986, as  
30 in effect on January 1, 2007, relating to tax-free distributions from  
31 individual retirement plans for charitable purposes for taxable years 2006  
32 and 2007, is adopted for the purpose of computing Arkansas income tax  
33 liability.

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35 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
36 General Assembly of the State of Arkansas that the federal Pension Protection



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

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

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

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

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21 /s/ R. Thompson  
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