

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

SENATE BILL 364

5 By: Senator Teague
6

For An Act To Be Entitled

8 AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE ARKANSAS
9 INCOME TAX LAWS BY ADOPTING RECENT CHANGES TO THE
10 INTERNAL REVENUE CODE; AND FOR OTHER PURPOSES.
11

Subtitle

12
13 TO MAKE TECHNICAL CORRECTIONS TO ARKANSAS
14 INCOME TAX LAWS.
15
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17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

20 SECTION 1. Arkansas Code § 6-84-102 is amended to read as follows:
21 6-84-102. Purpose.

22 It is the intent and purpose of this chapter to create and establish
23 the Arkansas Tax-Deferred Tuition Savings Program pursuant to 26 U.S.C. § 529
24 as in effect on January 1, ~~2007~~ 2011, to be administered by the Section 529
25 Plan Review Committee through the adoption of rules and regulations for the
26 administration of the program.
27

28 SECTION 2. Arkansas Code § 6-84-103 is amended to read as follows:
29 6-84-103. Definitions.

30 ~~For purposes of~~ As used in this chapter:

31 (1) "Account" means an account established in accordance with
32 this chapter;

33 (2) "Account owner" means the person who, under this chapter or
34 the rules promulgated by the Section 529 Plan Review Committee, is entitled
35 to select or change the designated beneficiary of an account, to designate
36 any person other than the designated beneficiary to whom funds may be paid



1 from the account, or to receive distributions from the account if no other
2 person is designated;

3 (3) "Act" means the Arkansas Tax-Deferred Tuition Savings
4 Program Act;

5 (4)(A) "Arkansas Tax-Deferred Tuition Savings Program Trust" or
6 "trust" means the trust created under § 6-84-104.

7 (B) Participation in the trust shall be open to Arkansas
8 residents and nonresidents alike;

9 (5) "Committee" means the Section 529 Plan Review Committee,
10 provided for in § 6-84-105, ~~which~~ that shall oversee the administration of
11 the Arkansas Tax-Deferred Tuition Savings Program and ensure that the program
12 complies with the provisions of this chapter and acts in accordance with 26
13 U.S.C. § 529 as in effect on January 1, ~~2007~~ 2011;

14 (6) "Contribution" means:

15 (A) Any payment directly allocated to an account for the
16 benefit of a designated beneficiary or used to pay administrative fees
17 associated with an account; and

18 (B) That portion of any rollover amount treated as a
19 contribution under 26 U.S.C. § 529 as in effect on January 1, ~~2007~~ 2011;

20 (7) "Contributor" means any person making a contribution to an
21 account;

22 (8) "Designated beneficiary" means, except as provided in § 6-
23 84-108, the individual designated at the time the account is opened as having
24 the right to receive a qualified withdrawal for the payment of qualified
25 higher education expenses or, if the designated beneficiary is replaced in
26 accordance with § 6-84-108, the replacement;

27 (9) "Higher education institution" means an eligible education
28 institution as defined in 26 U.S.C. § 135(c)(3) as in effect on January 1,
29 ~~2007~~ 2011;

30 (10) "Member of the family" shall have the same meaning as is
31 contained in 26 U.S.C. § 529(e) as in effect on January 1, ~~2007~~ 2011;

32 (11) "Nonqualified withdrawal" means a withdrawal from an
33 account that is not:

34 (A) A qualified withdrawal;

35 (B) A withdrawal made as the result of the death or
36 disability of the designated beneficiary;

(C) A withdrawal made as the result of a scholarship, ~~or~~ allowance, or payment described in 26 U.S.C. § 135(d)(1)(B) or (C) as in effect on January 1, ~~2007~~ 2011, received by the designated beneficiary but only to the extent of the amount of the scholarship, allowance, or payment; or

(D) A rollover or change in the designated beneficiary;

(12) "Person" means a person as defined in 26 U.S.C. § 529 as in effect on January 1, ~~2007~~ 2011;

(13) "Program" means the Arkansas Tax-Deferred Tuition Savings Program established by this chapter;

(14) "Qualified higher education expenses" means tuition and other permitted expenses as set forth in 26 U.S.C. § 529(e) as in effect on January 1, ~~2007~~ 2011, for the enrollment or attendance of a designated beneficiary at a higher education institution;

(15) "Qualified tuition program" means a qualified tuition program as defined in 26 U.S.C. § 529(b) as in effect January 1, ~~2007~~ 2011;

(16) "Qualified withdrawal" means a withdrawal from an account to pay the qualified higher education expenses of the designated beneficiary but only if the withdrawal is made in accordance with the requirements of the program; and

(17) "Rollover" means a disbursement or transfer from an account that is transferred to or deposited within sixty (60) calendar days of the transfer into an account of the same person for the benefit of the same designated beneficiary or another person as a designated beneficiary if the transferee account was created under this chapter or under another qualified tuition program maintained in accordance with 26 U.S.C. § 529(c) as in effect on January 1, ~~2007~~ 2011.

SECTION 3. Arkansas Code § 6-84-105 is amended to read as follows:

6-84-105. Administration – Authority – Powers.

(a) This chapter shall be administered by the Section 529 Plan Review Committee, which shall be composed of:

(1) The Director of the Department of Higher Education;

(2) The Executive Director of the Arkansas Teacher Retirement System; and

(3) The Treasurer of State.

1 (b) The committee shall adopt such rules and regulations as it deems
2 necessary and proper to administer this chapter and to ensure the compliance
3 of the Arkansas Tax-Deferred Tuition Savings Program with 26 U.S.C. § 529 as
4 in effect on January 1, ~~2007~~ 2011.

5 (c) The committee shall have the following powers, duties, and
6 functions:

7 (1) To establish, develop, implement, and maintain the program
8 in a manner consistent with the provisions of this chapter and 26 U.S.C. §
9 529 as in effect on January 1, ~~2007~~ 2011, and to obtain the benefits provided
10 by 26 U.S.C. § 529 for the program, account owners, and designated
11 beneficiaries;

12 (2) To adopt rules and regulations for the general
13 administration of the program;

14 (3) To maintain, invest, and reinvest the funds contributed into
15 the program consistent with the investment restrictions established by the
16 committee and the standard of care described in the prudent investor rule
17 ~~presently codified as~~ under § 24-2-610; and

18 (4)(A) To make and enter into any and all contracts, agreements,
19 or arrangements and to retain, employ, and contract for the services of
20 financial institutions, depositories, consultants, broker dealers, investment
21 advisors or managers, third-party plan administrators, and research,
22 technical, and other services necessary or desirable for carrying out the
23 purposes of this chapter.

24 (B) Contracts entered into by the committee may be for a
25 term of from one (1) to ten (10) years.

26
27 SECTION 4. Arkansas Code § 6-84-106 is amended to read as follows:
28 6-84-106. Investment direction.

29 Except as permitted in 26 U.S.C. § 529 as in effect on January 1, ~~2007~~
30 2011, no person shall have the right to direct the investment of any
31 contributions to or earnings from the Arkansas Tax-Deferred Tuition Savings
32 Program.

33
34 SECTION 5. Arkansas Code § 6-84-108(b), concerning Arkansas Tax-
35 Deferred Tuition Savings Program account transfers, is amended to read as
36 follows:

(b) At the direction of an account owner, all or a portion of an account may be transferred to another account of which the designated beneficiary is a member of the family of the designated beneficiary of the transferee account if the transferee account was created by this chapter or under another qualified tuition program maintained in accordance with 26 U.S.C. § 529 as in effect January 1, ~~2007~~ 2011.

SECTION 6. Arkansas Code § 6-84-109(b), concerning Arkansas Tax-Deferred Tuition Savings Program account withdrawal reporting, is amended to read as follows:

(b)(1) An account withdrawal paid to or for the benefit of any person during any calendar year shall be reported to the person and to the Internal Revenue Service.

(2) The report shall be made at the time required by the rules of the Internal Revenue Service as in effect on January 1, ~~2007~~ 2011, and contain such information as is required by law.

SECTION 7. Arkansas Code § 6-84-111 is amended to read as follows:
6-84-111. Funds exempt from tax.

(a) Except as otherwise indicated in this chapter, interest, dividends, and capital gains from funds invested in the Arkansas Tax-Deferred Tuition Savings Program or a tax-deferred tuition savings program established by another state under 26 U.S.C. § 529 as in effect on January 1, ~~2007~~ 2011, shall be exempt from Arkansas income taxes.

(b)(1) For tax years beginning on or after January 1, 2005, contributions to a tuition savings account established under this program may be deducted from the taxpayer's adjusted gross income for the purpose of calculating Arkansas income tax under § 26-51-403(b).

(2) The deductible contributions shall not exceed five thousand dollars (\$5,000) per taxpayer in any tax year.

(3) Contributions to this program that have been deducted from the taxpayer's adjusted gross income for prior tax years shall be subject to recapture if the taxpayer:

(A) Makes a subsequent nonqualified withdrawal from the account; or

(B) Rolls the account over to a tax-deferred tuition

1 savings program established by another state or institution under 26 U.S.C. §
2 529 as in effect on January 1, ~~2007~~ 2011.

3 (4) The contribution shall be recaptured by adding the amount
4 previously deducted, not to exceed the amount of the nonqualified withdrawal
5 or rollover, to the taxpayer's adjusted gross income for the tax year in
6 which the nonqualified withdrawal or rollover occurred.

7 (c)(1) Qualified withdrawals from a tuition savings account
8 established under this program or a tax-deferred tuition savings program
9 established by another state under 26 U.S.C. § 529 as in effect on January 1,
10 ~~2007~~ 2011, will be exempt from Arkansas income tax with respect to the
11 designated beneficiary's income.

12 (2)(A) Nonqualified withdrawals from a tuition savings account
13 established under this program or a tax-deferred tuition savings program
14 established by another state under 26 U.S.C. § 529 as in effect on January 1,
15 ~~2007~~ 2011, will be subject to Arkansas income tax.

16 (B) The nonqualified withdrawal will be taxable to the
17 party, account owner, or designated beneficiary who actually makes the
18 withdrawal.

19 (d) Any earnings on the contribution that are included in the refund
20 will be subject to Arkansas income tax if an account owner receives a refund
21 of contributions to a tuition savings account established under this program
22 or a tax-deferred tuition savings program established by another state under
23 26 U.S.C. § 529 as in effect on January 1, ~~2007~~ 2011, because of either:

24 (1) The death or disability of the designated beneficiary; or

25 (2) A scholarship, allowance, or payment described in 26 U.S.C.
26 § 135(d)(1)(B) or (C) as in effect on January 1, ~~2007~~ 2011, received by the
27 designated beneficiary.

28
29 SECTION 8. Arkansas Code § 6-84-113 is amended to read as follows:

30 6-84-113. Liberal construction.

31 This chapter shall be liberally construed to comply with the
32 requirements of 26 U.S.C. § 529 as in effect on January 1, ~~2007~~ 2011.

33
34 SECTION 9. Arkansas Code § 26-51-404(a)(4), concerning scholarships,
35 fellowships, grants, and stipends, is amended to read as follows:

36 (4) Section 117 of the Internal Revenue Code of 1986, as in

effect on January 1, ~~2003~~ 2011, regarding the taxability of scholarships, fellowships, grants, and stipends, is adopted for the purpose of clarifying and calculating Arkansas income tax liability.

SECTION 10. Arkansas Code § 26-51-404(b)(10), concerning the exclusion of discharge of indebtedness from gross income, is amended to read as follows:

(10) Sections 108 and 1017 of the Internal Revenue Code of 1986, as in effect on January 1, ~~2009~~ 2011, regarding income from the discharge of indebtedness, are adopted for the purpose of computing Arkansas income tax liability;

SECTION 11. Arkansas Code § 26-51-404(b)(11), concerning the exclusion from gross income of health flexible spending account contributions, is amended to read as follows:

(11) Section 125 of the Internal Revenue Code of 1986, in effect on January 1, ~~2009~~ 2011, is adopted in computing amounts excludible from gross income under the Income Tax Act of 1929, § 26-51-101 et seq., for payments received under a cafeteria plan;

SECTION 12. Arkansas Code § 26-51-404(b)(14), concerning the exclusion from gross income of disability and health plan payments, is amended to read as follows:

~~(14) Sections 104-106 of the Internal Revenue Code of 1986, as in effect on January 1, 1999, regarding the exclusion from income of disability and health plan payments, are adopted for the purpose of computing Arkansas income tax liability; The following sections of the Internal Revenue Code of 1986 regarding the exclusion from income of disability and health plan payments, are adopted for the purpose of computing Arkansas income tax liability:~~

(A) Sections 104 and 106 as in effect on January 1, 2011;

and

(B) Section 105 as in effect on March 30, 2010;

SECTION 13. Arkansas Code § 26-51-404(b)(20), concerning the exclusion from gross income for employees whose education expenses were paid by an

1 employer, is amended to read as follows:

2 (20) Section 127 of the Internal Revenue Code of 1986, as in
3 effect on January 1, ~~2003~~ 2011, regarding the exclusion from gross income for
4 employees whose education expenses were paid by an employer, is adopted for
5 the purpose of computing Arkansas income tax liability;

6
7 SECTION 14. Arkansas Code § 26-51-404(b)(25), concerning the exclusion
8 from gross income of employment-related adoption assistance benefits, is
9 amended to read as follows:

10 (25) Section 137 of the Internal Revenue Code of 1986, as in
11 effect on January 1, ~~2003~~ 2011, regarding the exclusion from gross income of
12 benefits received under an employer's adoption assistance program, is adopted
13 for the purpose of computing Arkansas income tax liability;

14
15 SECTION 15. Arkansas Code § 26-51-409(a), concerning small business
16 corporations, is amended to read as follows:

17 (a) Subchapter S of the Internal Revenue Code of 1986, as in effect on
18 January 1, ~~2009~~ 2011, regarding small business corporations, is adopted for
19 the purpose of computing Arkansas income tax liability.

20
21 SECTION 16. Arkansas Code § 26-51-414(a), concerning deferred
22 compensation plans, is amended to read as follows:

23 (a)(1) ~~Sections 72, 219, 401-404, 406-416, and 457 of the Internal~~
24 ~~Revenue Code of 1986, as in effect on January 1, 2009, relating to annuities,~~
25 ~~retirement savings, and employee benefit plans, respectively, are adopted for~~
26 ~~the purpose of computing Arkansas income tax liability, except Arkansas~~
27 ~~capital gains treatment and the Arkansas tax rates shall apply. The~~
28 following sections relating to annuities, retirement savings, and employee
29 benefit plans are adopted for the purpose of computing Arkansas income tax
30 liability, except Arkansas capital gains treatment and the Arkansas tax rates
31 shall apply:

32 (A) Sections 72, 219, 402-404, 406-416, and 457 of the Internal
33 Revenue Code of 1986, as in effect on January 1, 2011;

34 (B) Section 401 of the Internal Revenue Code of 1986, as in
35 effect on March 30, 2010.

36 (2) The requirements for filing a joint return under §

219(c)(1)(A) of the Internal Revenue Code of 1986 shall not apply.

SECTION 17. Arkansas Code § 26-51-414(b), concerning the application of Arkansas income tax to Roth individual retirement accounts, is amended to read as follows:

(b) Section 408A of the Internal Revenue Code of 1986, as in effect on January 1, ~~1999~~ 2010, relating to Roth individual retirement accounts, is adopted for the purpose of computing Arkansas income tax liability ~~with the following exceptions~~, except with regard to adjusted gross income under 26 U.S.C. § 408A(c)(3), which shall be determined in the same manner as under § 26-51-403(b).

~~(1) (A) Sections 408A(d)(3)(A)(iii) and 408A(d)(3)(E) are not adopted.~~

~~(B) All income from and tax attributable to distributions from a non-Roth individual retirement account to a Roth individual retirement account prior to January 1, 1999, shall be reported for tax year 1998, and the tax may be paid over a four-year period as permitted by the Director of the Department of Finance and Administration; and~~

~~(2) Adjusted gross income under § 408A(c)(3) shall be determined in the same manner as under § 26-51-403(b).~~

SECTION 18. Arkansas Code § 26-51-415, concerning deductions for interest expenses, is amended to read as follows:

Section 163 of the Internal Revenue Code of 1986, as in effect on January 1, ~~2009~~ 2011, regarding deductions for interest expenses, is adopted for the purpose of computing Arkansas income tax liability.

SECTION 19. Arkansas Code § 26-51-419(a)(1), concerning deductions for charitable contributions, is amended to read as follows:

(a)(1)(A) Section 170 of the Internal Revenue Code of 1986, as in effect on January 1, ~~2009~~ 2011, regarding deductions for charitable contributions, is adopted for the purpose of computing Arkansas income tax liability.

(B) This adoption is for taxable years beginning on or after January 1, ~~2009~~ 2011, and ~~will have no~~ does not have an effect on tax years before its adoption.

1
2 SECTION 20. Arkansas Code § 26-51-423(a)(1), concerning business
3 expense deductions to adjusted gross income, is amended to read as follows:

4 (1) Business Expenses. All of § 162, except subsection (n), of
5 the Internal Revenue Code of 1986, as in effect on ~~January 1, 2009~~, March 30,
6 2010, regarding trade or business expenses, is adopted for the purpose of
7 computing Arkansas income tax liability;

8
9 SECTION 21. Arkansas Code § 26-51-423(a)(2), concerning medical and
10 dental expense deductions to adjusted gross income, is amended to read as
11 follows:

12 (2) Medical and Dental Expenses. Section 213 of the Internal
13 Revenue Code of 1986, as in effect on January 1, ~~1997~~ 2011, is adopted in
14 computing the medical and dental expense deduction under the state income tax
15 law;

16
17 SECTION 22. Arkansas Code § 26-51-423(a)(4), concerning moving expense
18 deductions to adjusted gross income, is amended to read as follows:

19 (4) Moving Expenses. Section 217 of the Internal Revenue Code
20 of 1986, as in effect on January 1, ~~1995~~ 2011, regarding the deduction of
21 moving expenses, is adopted for the purpose of computing Arkansas income tax
22 liability.

23
24 SECTION 23. Arkansas Code § 26-51-423(d), concerning the deduction of
25 interest paid on qualified education loans to adjusted gross income, is
26 amended to read as follows:

27 (d) Section 221 of the Internal Revenue Code of 1986, as in effect on
28 January 1, ~~2003~~ 2011, regarding the deduction of interest paid on qualified
29 education loans, is adopted for the purpose of computing Arkansas income tax
30 liability.

31
32 SECTION 24. Arkansas Code § 26-51-423(e), concerning the deduction of
33 costs incurred for the cleanup of hazardous substances to adjusted gross
34 income, is amended to read as follows:

35 (e) Section 198 of the Internal Revenue Code of 1986, as in effect on
36 January 1, ~~2009~~ 2011, regarding the deduction of costs paid or incurred for

1 the cleanup of certain hazardous substances, is adopted for the purpose of
2 computing Arkansas income tax liability.

3
4 SECTION 25. Arkansas Code § 26-51-429(b), concerning the deduction of
5 oil and gas well depletion allowance to adjusted gross income, is amended to
6 read as follows:

7 (b) In computing the depletion allowance deduction allowed by this
8 section for oil and gas wells, the provisions of § 613 of the Internal
9 Revenue Code of 1986 ~~shall not be~~ are not in effect, but instead the
10 computation of the amount of the depletion deduction ~~shall be~~ is controlled
11 by the provisions of § 613A of the Internal Revenue Code of 1986, as in
12 effect on January 1, ~~2009~~ 2011, which are adopted as part of the state income
13 tax law.

14
15 SECTION 26. Arkansas Code § 26-51-436(3), concerning luxury
16 automobiles and other property, is amended to read as follows:

17 (3) Subsections (a), (b), (c), and (d) of § 280F of the Internal
18 Revenue Code of 1986, as in effect on January 1, ~~1999~~ 2011, regarding
19 investment tax credit and depreciation for luxury automobiles and other
20 property, is adopted for purposes of computing Arkansas income tax liability;

21
22 SECTION 27. Arkansas Code § 26-51-436(4), concerning limits on
23 itemized deductions, is amended to read as follows:

24 (4) Section 68 of the Internal Revenue Code of 1986, as in
25 effect on January 1, ~~2009~~ 2011, is adopted to limit itemized deductions;

26
27 SECTION 28. Arkansas Code § 26-51-436(5), concerning limits on
28 deductions for medical savings account contributions, is amended to read as
29 follows:

30 (5) Section 220 of the Internal Revenue Code of 1986, as in
31 effect on January 1, ~~2005~~ 2011, regarding the deductibility from income of
32 contributions made to a medical savings account by the taxpayer or the
33 taxpayer's employer, is adopted for the purpose of computing Arkansas income
34 tax liability;

35
36 SECTION 29. Arkansas Code § 26-51-440(a)(1), concerning regulated

1 investment companies, real estate investment trusts, and financial asset
2 securitization investment trusts, is amended to read as follows:

3 (a)(1) Subchapter M of the Internal Revenue Code of 1986, as in effect
4 on January 1, ~~2009~~ 2011, relating to regulated investment companies, real
5 estate investment trusts, and financial asset securitization investment
6 trusts, is adopted for the purpose of computing Arkansas income tax liability
7 and shall govern all corporations that are registered as investment companies
8 under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as in
9 effect on January 1, ~~2009~~ 2011.

10
11 SECTION 30. Arkansas Code § 26-51-445 is amended to read as follows:
12 26-51-445. Adoption expenses.

13 (a) Section 23 of the Internal Revenue Code of 1986, 26 U.S.C. § 23,
14 as in effect on January 1, 2003, and Section 36C of the Internal Revenue Code
15 of 1986, as in effect on January 1, 2011, ~~is~~ are adopted for purposes of
16 determining the allowable credit for adoption-related fees, costs, and
17 expenses paid or incurred by a taxpayer.

18 (b)(1) The amount of credit allowed against Arkansas income tax due
19 ~~shall be~~ is twenty percent (20%) of the federal credit as calculated ~~pursuant~~
20 ~~to~~ under 26 U.S.C. § 23 and § 36C.

21 (2) The amount of the credit that may be used by a taxpayer for a
22 taxable year may not exceed the amount of income tax otherwise due.

23
24 SECTION 31. Arkansas Code § 26-51-448(a), concerning educational
25 individual retirement accounts, is amended to read as follows:

26 (a) Section 530 of the Internal Revenue Code of 1986, as in effect on
27 January 1, ~~2009~~ 2011, relating to educational individual retirement accounts,
28 is adopted for the purposes of computing Arkansas income tax liability.

29
30 SECTION 32. Arkansas Code § 26-51-453(a), concerning deductions for
31 contributions to health savings accounts, is amended to read as follows:

32 (a) Subsections (a)-(d), (e)(2), (f), and (g) of § 223 of the Internal
33 Revenue Code of 1986, as in effect on January 1, ~~2007~~ 2011, regarding a
34 deduction from income for amounts deposited to health savings accounts, is
35 adopted for purposes of computing Arkansas income tax liability.

1 SECTION 33. Arkansas Code § 26-51-502(b)(1), concerning the credit for
2 household and dependent care services, is amended to read as follows:

3 (b)(1) Section 21 of the Internal Revenue Code of 1986, as in effect
4 on January 1, ~~2007~~ 2011, is adopted for purposes of determining the allowable
5 credit under the Income Tax Act of 1929, § 26-51-101 et seq., for household
6 and dependent care services necessary for gainful employment.

7
8 SECTION 34. Arkansas Code § 26-51-815(a)(1), concerning the
9 computation of capital gains and losses, is amended to read as follows:

10 (a)(1)(A) To the extent they apply to capital gains and losses
11 realized or incurred during income years beginning after December 31, 1996,
12 26 U.S.C. §§ 1211-1237 and 1239-1257 as in effect on January 1, ~~2007~~ 2011,
13 and the regulations of the Secretary of the Treasury promulgated under 26
14 U.S.C. §§ 1211-1237 and 1239-1257 as in effect on January 1, ~~2007~~ 2011, are
15 adopted for the purpose of computing tax liability under the Income Tax Act
16 of 1929, § 26-51-101 et seq.

17 (B) However, the provisions of this section shall not apply to a C
18 corporation as defined in 26 U.S.C. § 1361, as in effect on January 1, ~~1997~~
19 2011.

20
21 SECTION 35. Arkansas Code § 26-51-1702, concerning the allowance and
22 calculation of the low income housing tax credit, is amended to add an
23 additional subdivision (g) to read as follows:

24 (g)(1) A grant payment made under Section 1602 of the American
25 Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, is excluded from
26 gross income if the grant payment is made in lieu of a federal low income
27 housing tax credit.

28 (2) The grant recipient shall comply with the requirements of
29 this subchapter in the same manner as if the grant recipient had received a
30 federal low income housing tax credit.

31
32 SECTION 36. EFFECTIVE DATE. Subdivision (14)(B) of Section 12,
33 subdivision (a)(1)(B) of Section 16, Section 17, Section 20, and Section 35
34 shall be effective for tax years beginning on and after January 1, 2010.
35 Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, subdivision (14)(A) of Section
36 12, Sections 13, 14, 15, subdivisions (a)(1)(A) and (a)(2) of Section 16,

Sections 18, 19 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, and 34
shall be effective for tax years beginning on and after January 1, 2011.