

1 State of Arkansas  
2 92nd General Assembly  
3 Regular Session, 2019  
4

As Engrossed: H4/3/19

# A Bill

HOUSE BILL 1911

5 By: Representative M. Gray  
6

## For An Act To Be Entitled

8 AN ACT TO AMEND THE INCOME TAX ACT OF 1929 CONCERNING  
9 WHO SHALL BE TREATED AS THE OWNER OF A PORTION OF A  
10 TRUST; AND FOR OTHER PURPOSES.  
11

### Subtitle

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14 TO AMEND THE INCOME TAX ACT OF 1929  
15 CONCERNING WHO SHALL BE TREATED AS THE  
16 OWNER OF A PORTION OF A TRUST.  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 *SECTION 1. DO NOT CODIFY. Legislative intent.*

22 *It is the intent of the General Assembly to:*

23 *(1) Adopt 26 U.S.C. §§ 671-679, as they existed on January 1,*  
24 *2019, in recognition of the fact that the Income Tax Act of 1929, § 26-51-101*  
25 *et seq., has not previously addressed the issue of the taxation of trusts and*  
26 *their beneficiaries that are grantor trusts for federal income tax purposes;*

27 *(2) For the purposes of Arkansas income taxes, conform the*  
28 *income tax treatment of trusts and beneficiaries that are grantor trusts for*  
29 *federal income tax purposes; and*

30 *(3) Provide for prospective application of the adoption of 26*  
31 *U.S.C. §§ 671-679, as they existed on January 1, 2019, to provide Arkansas*  
32 *taxpayers adequate time to arrange their financial and tax affairs.*  
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34 *SECTION 2.* Arkansas Code § 26-51-201, concerning the income tax levied  
35 on individuals, trusts, and estates, is amended to add an additional  
36 subsection to read as follows:



1 (f)(1) Title 26 U.S.C. §§ 671-679, as in effect on January 1, 2019,  
2 are adopted for purposes of determining whether the grantor or another person  
3 shall be treated as the owner of a portion of a trust for Arkansas income tax  
4 purposes.

5 (2) A grantor or other person described in 26 U.S.C. §§ 671-679,  
6 as in effect on January 1, 2019, is subject to the filing and reporting  
7 requirements of § 26-51-806.

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9 SECTION 3. DO NOT CODIFY. Income tax rules.

10 The Director of the Department of Finance and Administration shall  
11 repeal Comprehensive Individual Income Tax Regulation 4.26-51-102, as the  
12 director did not have the authority to adopt 26 U.S.C. §§ 671-679 and the  
13 related federal regulations and the Comprehensive Individual Income Tax  
14 Regulation 4.26-51-102 is inconsistent with 26 U.S.C. §§ 671-679 and the  
15 related federal regulations.

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17 SECTION 4. EFFECTIVE DATE. Sections 2 and 3 of this act are effective  
18 for tax years beginning on or after January 1, 2020.

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20 /s/M. Gray

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