

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

SENATE BILL 257

5 By: Senator B. Johnson
6 By: Representative Beaty Jr.
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE INCOME TAX LAWS; TO PROVIDE FOR
10 INCOME TAX DEDUCTIONS FOR CERTAIN FINANCIAL
11 INSTITUTIONS; TO CREATE THE ACCESS TO CREDIT FOR OUR
12 RURAL ECONOMY (ACRE) ACT; TO PROVIDE AN INCOME TAX
13 DEDUCTION FOR CERTAIN AGRICULTURAL LOANS; AND FOR
14 OTHER PURPOSES.
15

Subtitle

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18 TO CREATE THE ACCESS TO CREDIT FOR OUR
19 RURAL ECONOMY (ACRE) ACT; AND TO PROVIDE
20 AN INCOME TAX DEDUCTION FOR CERTAIN
21 AGRICULTURAL LOANS.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. DO NOT CODIFY. Title.

27 This act shall be known and may be cited as the "Access to Credit for
28 Our Rural Economy (ACRE) Act".
29

30 SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 4, is
31 amended to add an additional section to read as follows:

32 26-51-462. Deduction – Qualified agricultural loans.

33 (a) As used in this section:

34 (1) "Eligible lending institution" means a:

35 (A) National banking association;

36 (B) State bank and a registered out-of-state bank, as



1 those terms are defined in § 23-45-102;

2 (C) State trust company, as defined in § 23-51-102; or

3 (D) Federal savings bank;

4 (2) "Interest" means interest on indebtedness attributed to the
5 state and incurred in the ordinary course of the active conduct of any
6 business;

7 (3) "Net interest income received from qualified agricultural
8 loans" means the product of the ratio of the interest income earned on
9 qualified agricultural loans over total interest income earned, in relation
10 to the adjusted gross income of the eligible lending institution without
11 regard to the deduction allowed under this section; and

12 (4) "Qualified agricultural loan" means a loan that:

13 (A) Is made on personal property used for an agricultural
14 purpose, including without limitation equipment and machinery, livestock, and
15 crops; or

16 (B) Has the following characteristics:

17 (i) Is made on real property that is substantially
18 used for the production of one (1) or more agricultural products;

19 (ii) Is secured by a:

20 (a) First lien interest in real property; or

21 (b) Second lien interest in the real property;

22 and

23 (iii) Has an outstanding loan balance that is:

24 (a) Less than eighty-five percent (85%) of the
25 appraised value of the real estate; or

26 (b) More than eighty-five percent (85%) of the
27 appraised value of the real estate if the loan balance in excess of eighty-
28 five percent (85%) of the appraised value is insured by private mortgage
29 insurance.

30 (b) In computing net income for the purposes of this chapter, there is
31 allowed as a deduction in addition to all other deductions allowed by law for
32 the net interest income received from qualified agricultural loans that is
33 received by an eligible lending institution.

34
35 SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for tax
36 years beginning on or after January 1, 2024.