

State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

HOUSE BILL 1075

By: Representatives J. Mayberry, Watson

By: Senator Maloch

For An Act To Be Entitled

AN ACT TO AMEND THE ACHIEVING A BETTER LIFE
EXPERIENCE PROGRAM ACT; TO PROVIDE FOR AN INCOME TAX
DEDUCTION FOR CONTRIBUTIONS TO A DISABILITY SAVINGS
ACCOUNT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ACHIEVING A BETTER LIFE
EXPERIENCE PROGRAM ACT; AND TO PROVIDE
FOR AN INCOME TAX DEDUCTION FOR
CONTRIBUTIONS TO A DISABILITY SAVINGS
ACCOUNT.

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

SECTION 1. Arkansas Code § 20-3-111, concerning funds exempt from tax under the Achieving a Better Life Experience Program Act, is amended to add an additional subsection to read as follows:

(d)(1) Contributions to a disability savings account established under this subchapter may be deducted from the taxpayer's adjusted gross income for the purpose of calculating Arkansas income tax under § 26-51-403(b).

(2) Deductible contributions under this subsection shall not exceed five thousand dollars (\$5,000) per taxpayer in a tax year.

(3) A contribution that has been deducted from a taxpayer's income for a prior tax year under this subsection is subject to recapture if the taxpayer:

(A) Takes a subsequent nonqualified distribution from the



account; or

(B) Rolls the account over to a tax-deferred savings program established by another state or institution under 26 U.S.C. § 529A.

(4) A contribution that is subject to recapture under this subsection shall be recaptured by adding the amount previously deducted, not to exceed the amount of the nonqualified distribution, to the taxpayer's adjusted gross income for the tax year in which the nonqualified distribution occurred.

SECTION 2. EFFECTIVE DATE. This act is effective for tax years beginning on or after January 1, 2019.

APPROVED: 4/9/19