

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1840

By: Representative L. Johnson

For An Act To Be Entitled

AN ACT TO CREATE A TAX INCENTIVE FOR DONATIONS TO
FUND MEDICAL EDUCATION; TO CREATE AN INCOME TAX
CREDIT FOR DONATIONS TO THE GRADUATE MEDICAL
EDUCATION FUND; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE AN INCOME TAX CREDIT FOR
DONATIONS TO THE GRADUATE MEDICAL
EDUCATION FUND.

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

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5, is amended to add an additional section to read as follows:

26-51-515. Donations to Graduate Medical Education Fund.

(a)(1) There is allowed an income tax credit against the income tax imposed by this chapter for one hundred percent (100%) of the amount of a donation made by the taxpayer to the Graduate Medical Education Fund.

(2)(A) The total amount of income tax credits allowed under this section shall not exceed five million dollars (\$5,000,000) in each fiscal year.

(B)(i) To be eligible to claim an income tax credit under this section, a taxpayer shall apply to the Division of Higher Education for an eligibility certificate, which shall be attached to the taxpayer's return for the tax year in which the income tax credit is claimed.

(ii) The division shall issue eligibility certificates for the income tax credit allowed under this section on a first-



come, first-served basis.

(C) In any fiscal year in which the income tax credit amount claimed under this section is equal to or greater than ninety percent (90%) of the income tax credit cap stated in subdivision (a)(2)(A) of this section, the income tax credit cap shall be increased by twenty-five percent (25%) for the following fiscal year.

(D) The division and the Department of Finance and Administration shall publish on their respective websites information identifying the income tax credit cap when it is increased under subdivision (a)(2)(C) of this section.

(b)(1) The amount of the income tax credit allowed under this section that may be claimed by a taxpayer in a tax year shall not exceed the amount of income tax due by the taxpayer.

(2)(A) Any unused income tax credit under this section may be carried forward for five (5) consecutive tax years following the tax year in which the income tax credit was earned.

(B) A taxpayer shall not convey, assign, or transfer the an income tax credit allowed under this section to another entity unless all of the assets of the taxpayer are conveyed, assigned, or transferred in the same transaction.

(c) The division shall adopt rules necessary to implement this section.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2022.

SECTION 3. DO NOT CODIFY. Rules.

(a) When adopting the initial rules required under this act, the Division of Higher Education shall file the final rules with the Secretary of State for adoption under § 25-15-204(f):

(1) On or before January 1, 2022; or

(2) If approval under § 10-3-309 has not occurred by January 1, 2022, as soon as practicable after approval under § 10-3-309.

(b) The division shall file the proposed rules with the Legislative Council under § 10-3-309(c) sufficiently in advance of January 1, 2022, so that the Legislative Council may consider the rules for approval before

January 1, 2022.