

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

State of Arkansas
94th General Assembly
Regular Session, 2023

A Bill

SENATE BILL 257

By: Senator B. Johnson
By: Representative Beaty Jr.

For An Act To Be Entitled

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

Subtitle

TO CREATE THE ACCESS TO CREDIT FOR OUR RURAL ECONOMY (ACRE) ACT; AND TO PROVIDE AN INCOME TAX DEDUCTION FOR CERTAIN AGRICULTURAL LOANS.

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

SECTION 1. DO NOT CODIFY. Title.

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

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

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

(a) As used in this section:

(1) "Eligible lending institution" means a:

(A) National banking association;

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



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

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

(D) Federal savings bank;

(2) “Interest” means interest on indebtedness attributed to the state and incurred in the ordinary course of the active conduct of any business;

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

(4) “Qualified agricultural loan” means a loan that:

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

(B) Has the following characteristics:

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

(ii) Is secured by a:

(a) First lien interest in real property; or

(b) Second lien interest in the real property;

and

(iii) Has an outstanding loan balance that is:

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

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

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

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