

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

A Bill

HOUSE BILL 1361

5 By: Representatives Eaves, Beaty Jr., L. Fite, Fortner, D. Garner, Hawks, M. Hodges, Jean, Jett,
6 Lundstrum, Lynch, J. Mayberry, McClure, McCollum, M. McElroy, McGrew, McNair, Milligan, Vaught,
7 Warren, Wooten
8 By: Senator J. Dismang
9

For An Act To Be Entitled

11 AN ACT TO PROVIDE FOR THE TAX TREATMENT OF CERTAIN
12 LOANS, PAYMENTS, AND EXPENSES RELATED TO CORONAVIRUS
13 2019 (COVID-19) RELIEF PROGRAMS; TO PROVIDE
14 CORONAVIRUS 2019 (COVID-19) RELIEF BY CONFORMING TO
15 FEDERAL TAX TREATMENT OF CORONAVIRUS 2019 (COVID-19)
16 RELIEF PROGRAMS; TO DECLARE AN EMERGENCY; AND FOR
17 OTHER PURPOSES.
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Subtitle

21 TO PROVIDE FOR THE TAX TREATMENT OF
22 CERTAIN LOANS, PAYMENTS, AND EXPENSES
23 RELATED TO CORONAVIRUS 2019 (COVID-19)
24 RELIEF PROGRAMS; AND TO DECLARE AN
25 EMERGENCY.
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28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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30 SECTION 1. DO NOT CODIFY. Legislative intent.

31 It is the intent of the General Assembly to provide relief to small
32 businesses and others affected by the coronavirus 2019 (COVID-19) pandemic
33 and to ease their tax compliance burdens by:

34 (1) Amending the Arkansas income tax laws to conform to the
35 federal tax treatment of Paycheck Protection Program loan forgiveness and
36 other coronavirus 2019 (COVID-19) relief, as clarified by the recent



1 enactment of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260,
2 on December 27, 2020; and

3 (2) Providing similar tax treatment to payments made under the
4 Coronavirus Food Assistance Program as described in 7 C.F.R. Part 9, as it
5 existed on January 19, 2021.

6
7 SECTION 2. Arkansas Code § 26-51-404(b), concerning exclusions from
8 gross income under the Income Tax Act of 1929, is amended to add additional
9 subdivisions to read as follows:

10 (31)(A) The following, which are adopted for purposes of
11 computing Arkansas income tax liability:

12 (i) Title 15 U.S.C. § 636A(i), as in effect on
13 January 1, 2021, after the redesignation provided by § 304(b) of the
14 Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, and the amendment
15 provided by § 276(a) of the Consolidated Appropriations Act, 2021, Pub. L.
16 No. 116-260, regarding the exclusion of income from Paycheck Protection
17 Program loan forgiveness and the allowance of associated deductions and
18 adjustments to tax attributes;

19 (ii) Section 276(b) of the Consolidated
20 Appropriations Act, 2021, Pub. L. No. 116-260, regarding the exclusion of
21 income from subsequent Paycheck Protection Program loan forgiveness and the
22 allowance of associated deductions and adjustments to tax attributes;

23 (iii) Section 277 of the Consolidated Appropriations
24 Act, 2021, Pub. L. No. 116-260, concerning the tax treatment of certain
25 emergency financial aid grants; and

26 (iv) Section 278 of the Consolidated Appropriations
27 Act, 2021, Pub. L. No. 116-260, concerning the clarification of tax treatment
28 of certain loan forgiveness and other business financial assistance.

29 (B) The Department of Finance and Administration may
30 provide an exception from any requirement to file an information return with
31 respect to any amount excluded from gross income under this subdivision
32 (b)(31); and

33 (32)(A) Payments received under the Coronavirus Food Assistance
34 Program, described in 7 C.F.R. Part 9, as it existed on January 19, 2021.

35 (B) A tax deduction or a basis increase shall not be
36 denied and a tax attribute shall not be reduced as a result of the exclusion

1 from gross income provided in subdivision (32)(A) of this section.

2 (C) The department may provide an exception from any
3 requirement to file an information return with respect to any amount excluded
4 from gross income under this subdivision (b)(32).

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6 SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for tax
7 years beginning on or after January 1, 2019.

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9 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
10 General Assembly of the State of Arkansas that the coronavirus 2019 (COVID-
11 19) pandemic caused an economic crisis in the state; that the intent of the
12 Paycheck Protection Program and other coronavirus 2019 (COVID-19) federal
13 relief programs was to allow businesses to receive a tax break during the
14 coronavirus 2019 (COVID-19) pandemic and the resulting economic downturn,
15 which would enable more businesses to continue to operate and provide
16 employment thereby preventing further economic collapse; that the enactment
17 of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, on
18 December 27, 2020, clarified the federal income tax treatment of Paycheck
19 Protection Program loan forgiveness and other coronavirus 2019 (COVID-19)
20 relief payments; that Arkansas should conform its income tax laws to the
21 federal tax treatment of these loans, payments, and expenses to enable
22 Arkansas taxpayers to receive the full benefit of the tax laws so that they
23 can continue to provide jobs for Arkansans and avoid higher rates of
24 unemployment and financial distress; and that this act is immediately
25 necessary because the 2020 tax return season is underway and immediate
26 conformity to the federal tax laws will assist the state with its economic
27 recovery and will enable businesses to continue providing jobs that are
28 necessary to the public peace, health, and safety. Therefore, an emergency is
29 declared to exist, and this act being immediately necessary for the
30 preservation of the public peace, health, and safety shall become effective
31 on:

32 (1) The date of its approval by the Governor;

33 (2) If the bill is neither approved nor vetoed by the Governor,
34 the expiration of the period of time during which the Governor may veto the
35 bill; or

36 (3) If the bill is vetoed by the Governor and the veto is

1 overridden, the date the last house overrides the veto.

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