

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

# A Bill

HOUSE BILL 1840

5 By: Representative L. Johnson  
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## For An Act To Be Entitled

8 AN ACT TO CREATE A TAX INCENTIVE FOR DONATIONS TO  
9 FUND MEDICAL EDUCATION; TO CREATE AN INCOME TAX  
10 CREDIT FOR DONATIONS TO THE GRADUATE MEDICAL  
11 EDUCATION FUND; AND FOR OTHER PURPOSES.  
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## Subtitle

14 TO CREATE AN INCOME TAX CREDIT FOR  
15 DONATIONS TO THE GRADUATE MEDICAL  
16 EDUCATION FUND.  
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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22 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5, is  
23 amended to add an additional section to read as follows:

24 26-51-515. Donations to Graduate Medical Education Fund.

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

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

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

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



1 come, first-served basis.

2 (C) In any fiscal year in which the income tax credit  
3 amount claimed under this section is equal to or greater than ninety percent  
4 (90%) of the income tax credit cap stated in subdivision (a)(2)(A) of this  
5 section, the income tax credit cap shall be increased by twenty-five percent  
6 (25%) for the following fiscal year.

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

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

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

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

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

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

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27 SECTION 3. DO NOT CODIFY. Rules.

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

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

32 (2) If approval under § 10-3-309 has not occurred by January 1,  
33 2022, as soon as practicable after approval under § 10-3-309.

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

1 January 1, 2022.  
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