Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 2187 of the Regular Session

1	State of Arkansas
2	85th General Assembly A Bill
3	Regular Session, 2005 HOUSE BILL 1628
4	
5	By: Representatives Roebuck, D. Creekmore, Wood, Bright, Dickinson, Dunn, D. Evans, L. Evans,
6	George, R. Green, Harris, Jeffrey, J. Johnson, Mack, M. Martin, Maxwell, Medley, Norton, Petrus, S.
7	Prater, Ragland, Rosenbaum, Walters, Wells, Wills
8	By: Senator Wilkinson
9	
10	
11	For An Act To Be Entitled
12	AN ACT TO INCREASE THE STATE INCOME TAX EXEMPTION
13	FOR ENLISTED ARMED SERVICES MEMBERS; AND FOR
14	OTHER PURPOSES.
15	
16	Subtitle
17	AN ACT TO INCREASE THE STATE INCOME TAX
18	EXEMPTION FOR ENLISTED ARMED SERVICES
19	MEMBERS.
20	
21	
22	BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23	
24	SECTION 1. Arkansas Code § 26-51-301(e), pertaining to a state
25	individual income tax exemption, is amended as follows:
26	(e) The reduced tax tables cannot be used if the exemption provided
27	for in § 26-51-306 or the six thousand dollar (\$6,000) exemption provided for
28	in either $\$\$$ 26-51-306 or $\$$ 26-51-307 is claimed or if the taxpayer itemizes
29	deductions.
30	
31	SECTION 2. Arkansas Code § 26-51-306 is amended as follows:
32	26-51-306. Compensation and benefits from military service.
33	(a)(1) $\underline{(A)}$ No member of the armed services of the United States shall
34	be liable for or required to pay any income tax on the first six thousand
35	dollars (\$6,000) of service pay or allowances.

I	(B) For tax years beginning on and after January 1, 2005,
2	enlisted personnel of the armed services of the State of Arkansas or of the
3	United States shall not be liable for or required to pay any income tax on
4	the first nine thousand dollars (\$9,000) of service pay or allowances.
5	(C) Officers of the armed services of the State of
6	Arkansas or of the United States are only entitled to the exemption in
7	subdivision (a)(1)(A) of this section and are not entitled to the exemption
8	in subdivision $(a)(1)(B)$ of this section.
9	(2) The compensation and benefits are declared exempt, to the
10	extent of the first six thousand dollars (\$6,000) thereof amounts provided in
11	subdivision (a)(1) of this section, from the state income tax.
12	(3) All service pay or allowances of members of the armed
13	services of the $\underline{\text{State of Arkansas or the}}$ United States in excess of $\underline{\text{six}}$
14	thousand dollars (\$6,000) per year the amounts provided in subdivision (a)(1)
15	of this section shall be subject to the state income tax, unless otherwise
16	provided for herein.
17	(4) Sections 112 and 692 of the Internal Revenue Code of 1986,
18	as in effect on January 1, 1997 January 1, 2005, regarding combat pay of
19	members of the armed forces and income taxes of members of the armed forces
20	on death, are adopted. The provisions contained in § 112 of the Internal
21	Revenue Code are in addition to all other provisions contained in this
22	section.
23	(b) Nothing in this section shall exempt from taxation the income of
24	these persons derived from other sources than their service pay and
25	allowances.
26	(c) The term "armed services", as used in this section, means any and
27	all members of the <u>National Guard, Reserves</u> , United States Army, Navy, Marine
28	Corps, Coast Guard, Air Force, and any and all other branches of the military
29	and naval forces or auxiliaries.
30	
31	SECTION 3. This act applies to tax years beginning on and after
32	<u>January 1, 2005.</u>
33	
34	/s/ Roebuck
35	
36	

1 APPROVED: 4/13/2005