

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 29 of the Regular Session

1 State of Arkansas
2 8th General Assembly
3 Regular Session, 2005

As Engrossed: H1/19/05

A Bill

HOUSE BILL 1032

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By: Representatives D. Creekmore, Roebuck, George, *Abernathy, Adcock, Bolin, Borhauer, Boyd, Bradford, Childers, Clemons, Cook, Cooper, Dickinson, Dunn, L. Evans, Everett, Fite, Hardy, Harris, J. Hutchinson, T. Hutchinson, Kenney, Key, Mack, Mahony, J. Martin, M. Martin, Matayo, Mathis, Medley, Petrus, S. Prater, Reep, Rogers, Rosenbaum, Sample, Saunders, Walters, Wills, Wood, Wyatt, Ormond*

For An Act To Be Entitled

AN ACT TO CLARIFY THAT COMBAT ZONE COMPENSATION OF MEMBERS OF THE ARMED FORCES IS EXEMPT FROM ARKANSAS INDIVIDUAL INCOME TAX; AND FOR OTHER PURPOSES.

Subtitle

TO CLARIFY THAT COMBAT ZONE COMPENSATION OF MEMBERS OF THE ARMED FORCES IS EXEMPT FROM ARKANSAS INDIVIDUAL INCOME TAX.

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

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SECTION 1. Arkansas Code § 26-51-306 is amended to read as follows:

26-51-306. Compensation and benefits from military service.

(a)(1) No member of the armed services of the United States shall be liable for or required to pay any income tax on the first six thousand dollars (\$6,000) of service pay or allowances.

(2) The compensation and benefits are declared exempt, to the extent of the first six thousand dollars (\$6,000) thereof, from the state income tax.

(3) All service pay or allowances of members of the armed services of the United States in excess of six thousand dollars (\$6,000) per year shall be subject to the state income tax, unless otherwise provided for



1 herein.

2 (4) Sections 112 and 692 of the Internal Revenue Code of 1986,
3 as in effect on ~~January 1, 1997~~ January 1, 2005, regarding combat ~~pay zone~~
4 compensation of members of the armed forces and income taxes of members of
5 the armed forces on death, are adopted. The provisions contained in § 112 of
6 the Internal Revenue Code are in addition to all other provisions contained
7 in this section.

8 (b) Nothing in this section shall exempt from taxation the income of
9 these persons derived from other sources than their service pay and
10 allowances.

11 (c) The term "armed services", as used in this section, means any and
12 all members of the United States Army, Navy, Marine Corps, Coast Guard, Air
13 Force, and any and all other branches of the military and naval forces or
14 auxiliaries.

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16 SECTION 2. This act shall apply to tax years beginning on and after
17 January 1, 2005.

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19 /s/ D. Creekmore, et al

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22 APPROVED: 2/1/2005
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