

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB313**

**Bill Subtitle: TO ALLOW A TAXPAYER RECEIVING MILITARY RETIREMENT OR SURVIVOR BENEFITS TO RECEIVE THE FULL AMOUNT OF THE INCOME TAX EXEMPTION FOR RETIREMENT BENEFITS.**

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### **Basic Change :**

**Sponsors: Sen. Petty and Rep. John Carr**

SB313 amends § 26-51-307(f) to allow a taxpayer claiming an exemption of less than \$6,000 of military retirement or survivor benefits to also be able to exempt retirement benefits received from non-military sources under § 26-51-307(a) in an amount equal to the difference between the exemption claimed under subsection § 26-51-307(f) and \$6,000. Current state law does not allow a taxpayer to claim both exemptions.

SB313 is effective for tax years beginning on and after January 1, 2023.

### **Revenue Impact :**

**FY2024 and after** - \$66,000 General Revenue Reduction.

### **Taxpayer Impact :**

A Taxpayer with military retirement or survivor benefit income of less than \$6,000 would be able to claim a total retirement exemption up to \$6,000 if the taxpayer has additional non-military retirement income.

### **Resources Required :**

Computer programs, tax forms, and instructions will need to be updated. Programming costs for the Arkansas Integrated Revenue System (AIRS) is estimated at \$8,000.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Department employees will need to be educated as to the exemption as well as the tax community.

### **Other Comments :**

None.

### **Legal Analysis :**

None.