

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**

A Bill

HOUSE BILL

4 **By: Representatives Collier and Hendrix**

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For An Act To Be Entitled

8 "AN ACT TO AMEND TITLE 26, CHAPTER 51 SUBCHAPTER 3 OF THE
9 ARKANSAS CODE OF 1987, AS AMENDED, TO PROVIDE A STATE
10 INCOME TAX EXEMPTION FOR DISABILITY BENEFITS FOR VETERANS
11 AND FOR PORTIONS OF A MILITARY RETIREE'S PAY WITHHELD TO
12 PROVIDE FOR AN ANNUITY FOR SURVIVORS UNDER THE ARMED
13 SERVICES SURVIVOR BENEFIT PLAN; AND FOR OTHER PURPOSES."

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

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

19 "26-51-306. Compensation and benefits from military service.

20 (a) (1) No member of the armed services of the United States shall be
21 liable for or required to pay any income tax on the first six thousand dollars
22 (\$6,000) of service pay or allowances.

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

26 (3) All service pay or allowances and any retirement pay and
27 disability benefits of members or former members of the armed services of the
28 United States in excess of six thousand dollars (\$6,000) per year shall be
29 subject to the state income tax. However, all disability benefits received by
30 a disabled veteran of the armed services of the United States, regardless of
31 the amount, shall be exempt from the Arkansas income tax. Further, those
32 portions of military retirement pay which are withheld by the United States
33 government from any military retirement to provide a later annuity for
34 survivors under the armed services Survivor Benefit Plan shall be exempt from
35 the Arkansas income tax.

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

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

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9 SECTION 2. All provisions of this act of a general and permanent nature
10 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
11 Revision Commission shall incorporate the same in the Code.

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13 SECTION 3. If any provision of this act or the application thereof to
14 any person or circumstance is held invalid, such invalidity shall not affect
15 other provisions or applications of the act which can be given effect without
16 the invalid provision or application, and to this end the provisions of this
17 act are declared to be severable.

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19 SECTION 4. All laws and parts of laws in conflict with this act are
20 hereby repealed.

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