

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representative Fairchild**

A Bill

HOUSE BILL

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED §26-51-306 BY
9 ADDING A NEW SUBSECTION TO PARALLEL THE UNITED STATES
10 INTERNAL REVENUE CODE'S TREATMENT OF MILITARY INCOME UNDER
11 ARKANSAS' INCOME TAX LAWS; AND FOR OTHER PURPOSES."

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

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

17 "26-51-306. Compensation and benefits from military service.

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

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

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

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

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

34 (d) All compensation and payments to past, present and future members
35 of the Armed Services of the United States (as defined in subparagraph (c),

1 above), their dependents and survivors, based upon military service, paid by
2 the Departments of Defense, Veterans Affairs, and Transportation (as to the
3 U.S. Coast Guard), and as appropriate the Departments of Health (for the U.S.
4 Public Health Service) and Interior (for the U.S.N.O.A.A.) for service by
5 their personnel within the definition of 'members of the armed services' in
6 subparagraph (c), above, shall be deemed 'taxable income' or 'excluded from
7 taxable income' for Arkansas Income Tax purposes in the same manner and
8 degree as such payments and compensation are classified and treated by and in
9 the U.S. Internal Revenue Code and its implementing regulations, without this
10 provision affecting any provision of this Code permitting certain classes of
11 taxpayers to exclude portions of otherwise taxable income in arriving at their
12 'adjusted gross income for Arkansas tax purposes'."

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

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18 SECTION 3. If any provision of this act or the application thereof to
19 any person or circumstance is held invalid, such invalidity shall not affect
20 other provisions or applications of the act which can be given effect without
21 the invalid provision or application, and to this end the provisions of this
22 act are declared to be severable.

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

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