

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.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

A Bill

HOUSE BILL 1628

5 By: Representatives Roebuck, D. Creekmore, Wood
6 By: Senator Wilkinson
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For An Act To Be Entitled

10 AN ACT TO INCREASE THE STATE INCOME TAX EXEMPTION
11 FOR ARMED SERVICES MEMBERS; AND FOR OTHER
12 PURPOSES.
13

Subtitle

14 AN ACT TO INCREASE THE STATE INCOME TAX
15 EXEMPTION FOR ARMED SERVICES MEMBERS.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 26-51-301(e), pertaining to a state
22 individual income tax exemption, is amended as follows:

23 (e) The reduced tax tables cannot be used if the exemption provided
24 for in § 26-51-306 or the six thousand dollar (\$6,000) exemption provided for
25 in either §§ 26-51-306 or § 26-51-307 is claimed or if the taxpayer itemizes
26 deductions.
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28 SECTION 2. Arkansas Code § 26-51-306 is amended as follows:

29 26-51-306. Compensation and benefits from military service.

30 (a)(1)(A) ~~No~~ For tax years ending before January 1, 2005, no member of
31 the armed services of the United States shall be liable for or required to
32 pay any income tax on the first six thousand dollars (\$6,000) of service pay
33 or allowances.

34 (B) For tax years beginning on and after January 1, 2005,
35 no member of the armed services of the State of Arkansas or of the United
36 States shall be liable for or required to pay any income tax on the first



1 twelve thousand dollars (\$12,000) of service pay or allowances.

2 (2) The compensation and benefits are declared exempt, to the
3 extent of the ~~first six thousand dollars (\$6,000) thereof~~ amounts provided in
4 subdivision (a)(1) of this section, from the state income tax.

5 (3) All service pay or allowances of members of the armed
6 services of the State of Arkansas or the United States in excess of ~~six~~
7 ~~thousand dollars (\$6,000) per year~~ the amounts provided in subdivision (a)(1)
8 of this section shall be subject to the state income tax, unless otherwise
9 provided for herein.

10 (4) Sections 112 and 692 of the Internal Revenue Code of 1986,
11 as in effect on ~~January 1, 1997~~ January 1, 2005, regarding combat pay of
12 members of the armed forces and income taxes of members of the armed forces
13 on death, are adopted. The provisions contained in § 112 of the Internal
14 Revenue Code are in addition to all other provisions contained in this
15 section.

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

19 (c) The term "armed services", as used in this section, means any and
20 all members of the National Guard, Reserves, United States Army, Navy, Marine
21 Corps, Coast Guard, Air Force, and any and all other branches of the military
22 and naval forces or auxiliaries.

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24 SECTION 3. This act applies to tax years beginning on and after
25 January 1, 2005.

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