

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

As Engrossed: H3/10/05

# A Bill

HOUSE BILL 1628

5 By: Representatives Roebuck, D. Creekmore, Wood, *Bright, Dickinson, Dunn, D. Evans, L. Evans,*  
6 *George, R. Green, Harris, Jeffrey, J. Johnson, Mack, M. Martin, Maxwell, Medley, Norton, Petrus, S.*  
7 *Prater, Ragland, Rosenbaum, Walters, Wells, Wills*  
8 By: Senator Wilkinson  
9

## For An Act To Be Entitled

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

### Subtitle

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

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

31 26-51-306. Compensation and benefits from military service.

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

36 (B) For tax years beginning on and after January 1, 2005,



1 no member of the armed services of the State of Arkansas or of the United  
2 States shall be liable for or required to pay any income tax on the first  
3 twelve thousand dollars (\$12,000) of service pay or allowances.

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

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

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

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

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

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

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29 */s/ Roebuck, et al*  
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