

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 H3/11/05 S4/7/05

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

10
11 AN ACT TO INCREASE THE STATE INCOME TAX EXEMPTION
12 FOR ENLISTED ARMED SERVICES MEMBERS; AND FOR
13 OTHER PURPOSES.
14

Subtitle

15
16 AN ACT TO INCREASE THE STATE INCOME TAX
17 EXEMPTION FOR ENLISTED ARMED SERVICES
18 MEMBERS.
19
20
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 26-51-301(e), pertaining to a state
25 individual income tax exemption, is amended as follows:

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

32 26-51-306. Compensation and benefits from military service.

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

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



1 enlisted personnel of the armed services of the State of Arkansas or of the
2 United States shall not be liable for or required to pay any income tax on
3 the first nine thousand dollars (\$9,000) of service pay or allowances.

4 (C) Officers of the armed services of the State of
5 Arkansas or of the United States are only entitled to the exemption in
6 subdivision (a)(1)(A) of this section and are not entitled to the exemption
7 in subdivision (a)(1)(B) of this section.

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

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

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

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

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

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

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33 /s/ Roebuck
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