

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 86th General Assembly  
3 Regular Session, 2007  
4

As Engrossed: H3/15/07

# A Bill

HOUSE BILL 2753

5 By: Representative Sumpter  
6  
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## For An Act To Be Entitled

9 AN ACT TO CREATE AN INCOME TAX EXEMPTION FOR  
10 WAGES EARNED IN STATES THAT DO NOT IMPOSE AN  
11 INCOME TAX; AND FOR OTHER PURPOSES.  
12

### Subtitle

14 TO CREATE AN INCOME TAX EXEMPTION FOR  
15 WAGES EARNED IN STATES THAT DO NOT  
16 IMPOSE AN INCOME TAX.  
17  
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 *SECTION 1. Arkansas Code § 26-51-404(b), concerning exemptions from*  
22 *gross income, is amended to add the following subdivision:*

23 *(29)(A) Wages, salaries, or other similar compensation received from*  
24 *employment in an adjoining state that does not levy a state income tax.*

25 *(B) The exemption provided in this subdivision (29)(A) is*  
26 *intended only for individual taxpayers and not to provide an exemption for*  
27 *corporations or any taxpayers other than individual taxpayers.*

28 *(C) The exemption provided in this subdivision (29)(A) does not*  
29 *cover any other income received by the individual taxpayer.*  
30

31 *SECTION 2. The General Assembly finds that adjoining states that do*  
32 *not impose an income tax on its residents present a tax inequity that induces*  
33 *citizens who would otherwise settle in Arkansas to move to the border state*  
34 *that does not impose an income tax on its citizens. This act is designed to*  
35 *induce persons to establish their homes in Arkansas.*  
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*/s/ Sumpter*