

State of Arkansas
87th General Assembly
Regular Session, 2009

A Bill

HOUSE BILL 1245

By: Representative English

For An Act To Be Entitled

AN ACT TO EXEMPT MILITARY RETIRED PAY FROM INCOME
TAX; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO EXEMPT MILITARY RETIRED PAY
FROM INCOME TAX.

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

SECTION 1. Arkansas Code § 26-51-306 is amended to read as follows:
26-51-306. Compensation and benefits from military service.

(a)(1)(A) For tax years beginning before January 1, 2007, no member of the armed services of the United States shall be liable for or required to pay any income tax on the first six thousand dollars (\$6,000) of service pay or allowances.

(B)(i) For tax years 2005 and 2006, enlisted personnel of the armed services of the State of Arkansas or of the United States shall not be liable for or required to pay any income tax on the first nine thousand dollars (\$9,000) of service pay or allowances.

(ii) For tax years 2005 and 2006, an officer or a warrant officer of the armed services of the State of Arkansas or of the United States is only entitled to the exemption in subdivision (a)(1)(A) of this section and is not entitled to the exemption in subdivision (a)(1)(B)(i) of this section.

(C) For tax years beginning on and after January 1, 2007, any member of the armed services of the State of Arkansas or the United States is not liable for or required to pay any income tax on the first nine



1 thousand dollars (,9,000) of service pay or allowance.

2 (2) The compensation and benefits are declared exempt, to the
3 extent of the amounts provided in subdivision (a)(1) of this section, from
4 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 the
7 amounts provided in subdivision (a)(1) of this section shall be subject to
8 the state income tax, unless otherwise provided for in this section.

9 (4)(A) ~~Sections 112 and 692 of the Internal Revenue Code of~~
10 ~~1986, 26 U.S.C. §§ 112 and 692~~, as in effect on January 1, 2007, regarding
11 combat zone compensation of members of the armed forces and income taxes of
12 members of the armed forces on death are adopted.

13 (B) The provisions contained in ~~§ 112 of the Internal~~
14 ~~Revenue Code~~ 26 U.S.C. §112 are in addition to all other provisions contained
15 in this section.

16 (b) For tax years beginning on and after January 1, 2009, a retired
17 member of the armed services of the State of Arkansas or of the United States
18 is exempt from the payment of income tax on military retired pay.

19 ~~(b) Nothing in this~~ (c) This section shall does not exempt from
20 taxation the income of retired members of the armed services derived from
21 ~~other~~ sources other than their service pay and allowances and military
22 retired pay.

23 ~~(e)~~ (d) As used in this section, "armed services" means any and all
24 members of the National guard, reserve components of the armed forces, United
25 States Army, Navy, Marine Corps, Coast Guard, Air Force, and any and all
26 other branches of the military and naval forces or auxiliaries.