

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 87th General Assembly
3 Regular Session, 2009
4

As Engrossed: H3/9/09

A Bill

HOUSE BILL 1245

5 By: Representatives English, Pennartz, Adcock, Allen, Barnett, J. Burris, Carmine, Carroll, Carter, Cash,
6 Clemmer, Cook, Dale, Dismang, Dunn, Everett, Garner, Gaskill, Glidewell, R. Green, Hawkins, Hobbs,
7 Hopper, D. Hutchinson, Kerr, Kidd, King, Lea, S. Malone, M. Martin, McCrary, McLean, Moore,
8 Nickels, Perry, Pierce, Pyle, Ragland, Rice, Sample, Slinkard, G. Smith, Stewart, Summers, Wagner,
9 Williams, Woods
10 By: Senators Altes, G. Baker, Bledsoe, J. Key, Trusty
11
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For An Act To Be Entitled

13 AN ACT TO EXEMPT MILITARY RETIRED PAY FROM INCOME
14 TAX; AND FOR OTHER PURPOSES.
15
16

Subtitle

17 AN ACT TO EXEMPT MILITARY RETIRED PAY
18 FROM INCOME TAX.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 26-51-306 is amended to read as follows:
25 26-51-306. Compensation and benefits from military service.

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

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

34 (ii) For tax years 2005 and 2006, an officer or a
35 warrant officer of the armed services of the State of Arkansas or of the
36 United States is only entitled to the exemption in subdivision (a)(1)(A) of



1 this section and is not entitled to the exemption in subdivision (a)(1)(B)(i)
2 of this section.

3 (C) For tax years beginning on and after January 1, 2007,
4 any member of the armed services of the State of Arkansas or the United
5 States is not liable for or required to pay any income tax on the first nine
6 thousand dollars (,9,000) of service pay or allowance.

7 (2) The compensation and benefits are declared exempt, to the
8 extent of the amounts provided in subdivision (a)(1) of this section, from
9 the state income tax.

10 (3) All service pay or allowances of members of the armed
11 services of the State of Arkansas or the United States in excess of the
12 amounts provided in subdivision (a)(1) of this section shall be subject to
13 the state income tax, unless otherwise provided for in this section.

14 (4)(A) ~~Sections 112 and 692 of the Internal Revenue Code of~~
15 ~~1986, 26 U.S.C. §§ 112 and 692~~, as in effect on January 1, 2007, regarding
16 combat zone compensation of members of the armed forces and income taxes of
17 members of the armed forces on death are adopted.

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

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

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

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

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33 /s/ English
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