

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4
5 By: Senator J. Dismang
6 By: Representative Jett
7

A Bill

SENATE BILL 236

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE TAX TREATMENT
10 OF UNEMPLOYMENT COMPENSATION BENEFITS; TO EXEMPT
11 UNEMPLOYMENT COMPENSATION BENEFITS FROM INCOME TAX
12 DURING A CERTAIN TIME PERIOD; TO DECLARE AN
13 EMERGENCY; AND FOR OTHER PURPOSES.
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Subtitle

16 TO EXEMPT UNEMPLOYMENT COMPENSATION
17 BENEFITS FROM INCOME TAX DURING A CERTAIN
18 TIME PERIOD; AND TO DECLARE AN EMERGENCY.
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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 § 26-51-404(a)(1)(G) and (H), concerning the
25 income included in gross income under the Income Tax Act of 1929, is amended
26 to read as follows:

27 (G) ~~Unemployment~~ Except as provided in subdivision (b)(31)
28 of this section, unemployment compensation benefits paid from federal
29 unemployment funds; and

30 (H) ~~Unemployment~~ Except as provided in subdivision (b)(32)
31 of this section, unemployment insurance benefits received from unemployment
32 compensation paid under Title IV of the Social Security Act, 42 U.S.C. § 601
33 et seq., except for unemployment or sickness payments made pursuant to 45
34 U.S.C. § 352, as it existed on January 1, 2017.
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36 SECTION 2. Arkansas Code § 26-51-404(b), concerning exclusions from



1 gross income under the Income Tax Act of 1929, is amended to add additional
2 subdivisions to read as follows:

3 (31) Unemployment compensation benefits paid from federal
4 unemployment funds for calendar year 2020 or 2021; and

5 (32) Unemployment insurance benefits described in subdivision
6 (a)(1)(H) of this section and paid for calendar year 2020 or 2021.

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8 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
9 General Assembly of the State of Arkansas that the coronavirus 2019 (COVID-
10 19) pandemic caused high levels of unemployment and an economic crisis in the
11 state; that the state and federal government expanded unemployment
12 compensation efforts to support workers who were negatively affected by the
13 business closures resulting from the pandemic in an effort to prevent further
14 economic collapse; that unemployment compensation benefits are currently
15 subject to income tax under state law; that unless an income tax exemption is
16 provided for unemployment compensation benefits during the pandemic,
17 Arkansans will face further financial distress, which will hinder the state’s
18 efforts in effecting an economic recovery; and that this act is immediately
19 necessary because Arkansans are facing imminent financial peril and exempting
20 unemployment compensation benefits from income tax during the pandemic will
21 assist the state and its residents with their economic recovery, which is
22 necessary to the public peace, health, and safety. Therefore, an emergency is
23 declared to exist, and this act being immediately necessary for the
24 preservation of the public peace, health, and safety shall become effective
25 on:

26 (1) The date of its approval by the Governor;

27 (2) If the bill is neither approved nor vetoed by the Governor,
28 the expiration of the period of time during which the Governor may veto the
29 bill; or

30 (3) If the bill is vetoed by the Governor and the veto is
31 overridden, the date the last house overrides the veto.