

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.

Act 160 of the Regular Session

1 State of Arkansas

As Engrossed: H1/24/07 H1/25/07

2 86th General Assembly

A Bill

3 Regular Session, 2007

HOUSE BILL 1184

4
5 By: Representatives S. Prater, Wood, Adcock, Anderson, Bond, Breedlove, E. Brown, J. Brown, Burris,
6 Cash, Cook, Cornwell, D. Creekmore, Dickinson, Dunn, Edwards, D. Evans, L. Evans, Garner, Gaskill,
7 George, Glidewell, R. Green, Hall, Hardwick, Hoyt, D. Hutchinson, Hyde, Jeffrey, Kenney, Key, Kidd,
8 King, Lamoureux, Lovell, M. Martin, Maxwell, Medley, Moore, Norton, Overbey, Pate, Patterson,
9 Pennartz, Pierce, Pyle, Ragland, Reep, J. Roebuck, Rosenbaum, Sample, Saunders, Stewart, Sullivan,
10 Thyer, Walters, Webb, Wells, Wills, Woods, Wyatt, Reynolds, Everett, Harris, Allen, Pace, Cooper,
11 Chesterfield, T. Bradford, Berry, S. Dobbins, Petrus, Wagner, J. Johnson, Harrelson, Rogers, Powers,
12 House, Cheatham, Davenport, Lowery, Abernathy, Pickett, T. Baker, Shelby

13 By: Senators Hill, Altes, Baker, J. Jeffress, Salmon, Trusty, J. Taylor, T. Smith, Whitaker, Faris, Capps,
14 Miller, Critcher

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17 **For An Act To Be Entitled**

18 AN ACT TO ALLOW MILITARY OFFICERS OF THE ARMED
19 SERVICES TO RECEIVE THE SAME INCOME TAX EXEMPTION
20 AS ENLISTED PERSONNEL OF THE ARMED SERVICES; AND
21 FOR OTHER PURPOSES.

22
23 **Subtitle**

24 TO ALLOW MILITARY OFFICERS OF THE ARMED
25 SERVICES TO RECEIVE THE SAME INCOME TAX
26 EXEMPTION AS ENLISTED PERSONNEL OF THE
27 ARMED SERVICES.

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

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32 SECTION 1. Arkansas Code § 26-51-306 is amended as follows:

33 26-51-306. Compensation and benefits from military service.

34 (a) (1) (A) For tax years beginning before January 1, 2007, ~~No~~ no member
35 of the armed services of the United States shall be liable for or required to



1 pay any income tax on the first six thousand dollars (\$6,000) of service pay
2 or allowances.

3 (B)(i) For tax years ~~beginning on and after January 1,~~
4 ~~2005, 2005 and 2006,~~ enlisted personnel of the armed services of the State of
5 Arkansas or of the United States shall not be liable for or required to pay
6 any income tax on the first nine thousand dollars (\$9,000) of service pay or
7 allowances.

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

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

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

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

24 (4)(A) Sections 112 and 692 of the Internal Revenue Code of
25 1986, as in effect on ~~January 1, 2005~~ January 1, 2007, regarding combat zone
26 compensation of members of the armed forces and income taxes of members of
27 the armed forces on death are adopted.

28 (B) The provisions contained in § 112 of the Internal
29 Revenue Code are in addition to all other provisions contained in this
30 section.

31 (b) Nothing in this section shall exempt from taxation the income of
32 members of the armed services derived from other sources than their service
33 pay and allowances.

34 (c) As used in this section, "armed services" means any and all
35 members of the National Guard, reserve components of the armed forces, United
36 States Army, Navy, Marine Corps, Coast Guard, Air Force, and any and all

1 other branches of the military and naval forces or auxiliaries.

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/s/ S. Prater, et al

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APPROVED: 2/28/2007

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