

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1931

By: Representative Stewart

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE TITLE 26, CHAPTER 51, SUBCHAPTER 3 TO ALLOW PERSONS SIXTY-FIVE YEARS OF AGE OR OLDER TO EXEMPT \$6,000 FROM TAXATION FOR ARKANSAS INCOME TAX PURPOSES; TO REPEAL ARKANSAS CODE 26-51-307 AND 26-51-309 WHICH ALLOWS AN ARKANSAS INCOME TAX EXEMPTION FOR CERTAIN RETIREMENT PAY; TO AMEND ARKANSAS CODE 26-51-30 TO REMOVE REFERENCES TO RETIREMENT PAY; AND FOR OTHER PURPOSES."

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

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 3 is hereby amended to add an additional section to read as follows:

"26-51-310. (a) The first six thousand dollars (\$6,000) of income received by a resident of this state who is sixty-five (65) years of age or older shall be exempt from state income tax.

(b) Except as provided in subsection (a) of this section, all income received from an employment related public or private retirement or disability system, plan, or program shall be subject to state income taxes, excepting only benefits received under systems, plans, or programs which are by federal law exempted from state income taxes."

SECTION 2. Arkansas Code 26-51-306 (a) is hereby amended to read as follows:

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

(a) (1) 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, nor shall any former member of the armed services of the United States be required to pay any income tax on disability benefits received as a retired service member.

(2) The compensation and benefits are declared exempt, to the extent of the first six thousand dollars (\$6,000) thereof, from the state income tax.

(3) All service pay or allowances and disability benefits of members or former members of the armed services of the United States in excess of six thousand dollars (\$6,000) per year shall be subject to the state income tax. However, all disability benefits received by disabled veterans of the armed services of the United States, regardless of the amount, shall be exempt from the Arkansas income tax."

SECTION 3. Arkansas Code 26-51-307 and 26-51-309 providing for an exemption from Arkansas income tax for a portion of taxpayer's retirement income are hereby repealed.

SECTION 4. The provisions of this Act shall apply to income years beginning on and after January 1, 1989.

SECTION 5. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.