

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025

# A Bill

HOUSE BILL 1708

4  
5 By: Representatives Underwood, A. Brown, McCollum, B. McKenzie, Pilkington, Rose  
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## For An Act To Be Entitled

8  
9 AN ACT TO CREATE THE KEEP THE BONUS, AXE THE TAX: THE  
10 NO-TAX BONUS ACT; TO EXEMPT A BONUS FROM INCOME TAX;  
11 AND FOR OTHER PURPOSES.  
12  
13

## Subtitle

14  
15 THE KEEP THE BONUS, AXE THE TAX: THE NO-  
16 TAX BONUS ACT.  
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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20 SECTION 1. DO NOT CODIFY. Title.

21 This act shall be known and may be cited as the "Keep the Bonus, Axe  
22 the Tax: The No-Tax Bonus Act".  
23

24 SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 3, is  
25 amended to add an additional section to read as follows:

26 26-51-317. Bonuses.

27 (a) As used in this section, "bonus" means a payment made to an  
28 employee that:

29 (1) Is in addition to the employee's regular or overtime wages;

30 (2) Is nonrecurring;

31 (3) Does not increase the employee's base rate of pay; and

32 (4) Includes no commitment for payment in a subsequent year.

33 (b) A bonus is exempt from the income tax levied under this chapter.  
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35 SECTION 3. EFFECTIVE DATE. Section 1 of this act is effective for tax  
36 years beginning on or after January 1, 2026.

