

Stricken language would be deleted from and underlined language would be added to present law.

Act 154 of the Regular Session

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State of Arkansas

As Engrossed: H2/10/21

93rd General Assembly

A Bill

Regular Session, 2021

SENATE BILL 236

By: Senators J. Dismang, B. Ballinger, Beckham, Bledsoe, Caldwell, L. Chesterfield, A. Clark, B. Davis, L. Eads, Elliott, J. English, Flippo, S. Flowers, T. Garner, Gilmore, K. Hammer, J. Hendren, Hester, Hickey, Hill, K. Ingram, Irvin, B. Johnson, M. Johnson, G. Leding, M. Pitsch, Rapert, Rice, B. Sample, G. Stubblefield, J. Sturch, D. Sullivan, Teague, C. Tucker, D. Wallace

By: Representative Jett

For An Act To Be Entitled

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

Subtitle

TO EXEMPT UNEMPLOYMENT COMPENSATION BENEFITS FROM INCOME TAX DURING A CERTAIN TIME PERIOD; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 26-51-404(a)(1)(G) and (H), concerning the income included in gross income under the Income Tax Act of 1929, is amended to read as follows:

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

(H) ~~Unemployment~~ Except as provided in subdivision (b)(32) of this section, unemployment insurance benefits received from unemployment compensation paid under Title IV of the Social Security Act, 42 U.S.C. § 601 et seq., except for unemployment or sickness payments made pursuant to 45



U.S.C. § 352, as it existed on January 1, 2017.

SECTION 2. Arkansas Code § 26-51-404(b), concerning exclusions from gross income under the Income Tax Act of 1929, is amended to add additional subdivisions to read as follows:

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

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

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

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

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

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

APPROVED: 3/1/21