State of Arkansas
84th General Assembly
Regular Session, 2003

A Bill

HOUSE BILL 1006

By: Representative L. Prater

For An Act To Be Entitled

AN ACT TO EXEMPT OVERTIME AND CERTAIN BONUS PAY FROM ARKANSAS INCOME TAXATION; AND FOR OTHER PURPOSES.

Subtitle

TO EXEMPT OVERTIME AND CERTAIN BONUS PAY FROM ARKANSAS INCOME TAXATION.

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

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 3 is amended to add the following additional section:

<u>26-51-311. Overtime and bonus pay.</u>

<u>(a) As used in this section:</u>

<u>(1) "Bonus" means money or other property paid to an employee in addition to the regular or base compensation or wages;</u>

<u>(2) "Employee" means any individual subject to the Arkansas Income Tax Act, § 26-51-101 et seq., who performs or performed services for an employer in exchange for wages;</u>

<u>(3) "Employer" means a person or other entity who has control of the payment of wages to an individual for services performed; and</u>

<u>(4) “Overtime” means the portion of the wages paid to an employee for any work performed in excess of the standard forty (40) hours per week to employees not exempt from provisions of the federal Fair Labor Standards Act as in effect on January 1, 2003.</u>

<u>(b) There is exempted from state individual income tax the following types of income:</u>

(1) The first five hundred dollars ($500) of bonus income paid by an employer to an employee during any tax year; and

(2) Compensation paid by an employer to an employee for overtime.

(c) This section is effective for tax years beginning on and after January 1, 2003.