

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

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1822

By: Representative Underwood

For An Act To Be Entitled

AN ACT TO CREATE THE OVERTIME BUT NOT OVERTAXED ACT;
TO EXEMPT COMPENSATION FOR OVERTIME FROM THE INCOME
TAX; AND FOR OTHER PURPOSES.

Subtitle

THE OVERTIME BUT NOT OVERTAXED ACT.

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

SECTION 1. DO NOT CODIFY. Title.

This act shall be known and may be cited as the "Overtime but not Overtaxed Act".

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

26-51-317. Overtime.

(a) As used in this section, "overtime" means time worked in a workweek that:

(1) Exceeds forty (40) hours for the workweek; and

(2) Is required to be compensated under the Fair Labor Standards Act of 1938, 29 U.S.C. § 201 et seq., as it existed on January 1, 2025.

(b) Compensation for overtime is exempt from the income tax levied under this chapter.

SECTION 3. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2026.

