

Department of Finance and Administration

Legislative Impact Statement

Bill: SB211

Amendment Number: S1

Bill Subtitle: TO CREATE THE TAX COMPETITIVENESS AND RELIEF ACT OF 2019; AND TO DECLARE AN EMERGENCY.

Basic Change :

Sponsor: Sen. Bond

Senate Amendment No. 1 --- is a proposed amendment to SB211 that would change the tax rate in the upper income tax table identified in SB211 for tax year 2020 to the following:

Upper Income Table - Taxable Income of more than \$79,300

\$0 to	\$4,000	2%
\$4,001 to	\$8,000	4%
\$8,001 to	\$455,999	5.9%
\$456,000 and above		6.9%

Original Bill --- SB211 is titled the "Tax Competitiveness and Relief Act of 2019," and provides reductions for individual, trust, and estate taxpayers in the middle and upper income tax tables. The upper income tax table is also simplified to four rates in 2020 and then reduced to three rates in 2021. The top marginal income tax rate in Arkansas would be reduced to 5.9% by tax years beginning on or after January 1, 2021.

Revenue Impact :

SB211 -- Senate Amendment No. 1

FY2020 - \$34.5M Reduction in State General Revenue

FY2021 - \$68.9M Reduction in State General Revenue

Taxpayer Impact :

Approximately 579,000 taxpayers with net taxable incomes greater than \$38,200 will receive a decrease in income tax due. No taxpayer will receive a tax increase under SB211 or SB211-S1.

Resources Required :

Reducing the individual income tax rates will require updating computer programs, tax forms, and instructions.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Computer programs, forms and instructions will need to be updated.

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Other Comments :

None.

Legal Analysis :

None.