

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**

A Bill

HOUSE BILL 1357

4 **By: Representatives Cunningham, Argue, McGinnis, Barclay, B. Wood, J. Miller,**
5 **McCuston, Allen, Mahony, Wingfield, Arnold, Dowd, Mullenix, Parkerson,**
6 **Dawson, Capps, Stewart, Hinshaw, Thicksten, Maddox, Schexnayder, Landers,**
7 **Holland, O. Miller, Forgey, Flanagan, Northcutt, and McGee**

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For An Act To Be Entitled

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11 "AN ACT TO ELIMINATE THE INCOME TAX LIABILITY AND
12 FILING REQUIREMENTS OF LOW INCOME INDIVIDUALS; TO
13 AMEND THE REDUCED TAX TABLES; TO PLACE AN OVERALL
14 LIMITATION ON ITEMIZED DEDUCTIONS; AND FOR OTHER
15 PURPOSES."

16

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

18

19 SECTION 1. Section 26-51-801 of the Arkansas Code of 1987 Annotated is
20 hereby amended to read as follows:

21 "(a) Every person owning property or doing business in the State of
22 Arkansas shall file a return with the Director of the Department of Finance
23 and Administration showing his gross income and the deductions or credits
24 allowed by this act if he has a gross income of:

25 (1) Two thousand one hundred fifty dollars (\$2,150) if married and
26 not filing jointly or married but living apart from the spouse at the end of
27 the income year (or on the date the spouse died);

28 (2) Five thousand five hundred fifty dollars (\$5,550) if single
29 and under 65;

30 (3) Six thousand four hundred dollars (\$6,400) if single and 65 or
31 over;

32 (4) Seven thousand one hundred fifty dollars (\$7,150) if head of
33 household and under 65;

34 (5) Eight thousand dollars (\$8,000) if head of household and 65 or
35 over;

1 (6) Ten thousand dollars (\$10,000) if married, filing jointly, and
2 both spouses are under 65;

3 (7) Ten thousand six hundred fifty dollars (\$10,650) if married,
4 filing jointly, and one spouse is 65 or older;

5 (8) Eleven thousand three hundred dollars (\$11,300) if married,
6 filing jointly, and both spouses are 65 or over;

7 (9) Seven thousand eight hundred fifty dollars (\$7,850) if a
8 qualifying widow or widower with a dependent child and under 65;

9 (10) Eight thousand five hundred dollars (\$8,500) if a qualifying
10 widow or widower with a dependent child and 65 or over.

11 (b) If husband and wife are living together and have an aggregate gross
12 income of ten thousand dollars (\$10,000) or over, each shall make a return
13 unless the income of each is included in a single joint return.

14 (c) If a taxpayer is unable to make his own return, the return shall be
15 made by an authorized agent or by the guardian or other person charged with
16 the care of the person or estate of such taxpayer.

17 (d) (1) As used in this section, the term Head of Household shall have
18 the same meaning as defined in section 2(b) of the Federal Internal Revenue
19 Code of 1986, in effect on January 1, 1991.

20 (2) As used in this section, the term Qualifying Widow or Widower
21 with dependent child shall mean Surviving spouse as defined in section 2(a)
22 of the Federal Internal Revenue Code of 1986, in effect on January 1, 1991.

23 (e) As used in this section, the term jointly means filing a joint
24 return.

25 (f) As used in this section, the term Dependent shall have the same
26 meaning as defined in section 152 of the Federal Internal Revenue Code of
27 1986, in effect on January 1, 1991.

28 (g) If a person is not required to file a return, such person must
29 complete and submit to his employer a statement to that effect on forms
30 approved by the Commissioner of Revenues, in order to be exempt from the state
31 withholding tax."

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33 SECTION 2. Section 26-51-301 of the Arkansas Code of 1987 Annotated is
34 hereby amended to read as follows:

35 "(a) There shall be exempted from state individual income tax the

1 following income categories:

2 (1) A single individual whose gross income does not exceed five
3 thousand five hundred fifty dollars (\$5,550) for any income year;

4 (2) A married couple filing jointly whose gross income does not
5 exceed ten thousand dollars (\$10,000) for any income year;

6 (3) An unmarried head of household, whose gross income for any
7 income year does not exceed seven thousand one hundred fifty dollars (\$7,150).

8 (b) However:

9 (1) Any single individual whose gross income for the taxable year
10 is more than five thousand five hundred fifty dollars (\$5,550) but not more
11 than eleven thousand four hundred dollars (\$11,400) may compute the income tax
12 payable on the income in excess of five thousand five hundred fifty dollars
13 (\$5,550) from Reduced Tax Table A, in §26-51-302;

14 (2) Any married couple filing jointly whose gross income for the
15 taxable year is more than ten thousand dollars (\$10,000) but not more than
16 sixteen thousand two hundred dollars (\$16,200) may compute the income tax
17 payable on the income in excess of ten thousand dollars (\$10,000) from Reduced
18 Tax Table B, in §26-51-302;

19 (3) Any head of household whose gross income for the taxable year
20 is more than seven thousand one hundred fifty dollars (\$7,150) but not more
21 than sixteen thousand two hundred dollars (\$16,200) may compute the income tax
22 payable on the income in excess of seven thousand one hundred fifty dollars
23 (\$7,150) from Reduced Tax Table C in §26-51-302.

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25 (c) (1) As used in this section, the term Head of Household shall have
26 the same meaning as defined in Section 2(b) of the Federal Internal Revenue
27 Code of 1986, in effect on January 1, 1991.

28 (2) To be eligible to use the Reduced Tax Tables, an individual
29 must be a resident of Arkansas for the entire taxable year.

30 (3) The Reduced Tax Tables cannot be used if the six thousand
31 dollar (\$6,000) exemption provided for in Section 26-51-307 of the Arkansas
32 Code Annotated is claimed.

33 (d) (1) Only the persons defined in this section may enjoy the special
34 gross income exemption and the use of the reduced tax tables of §26-51-302.

35 (2) All other persons not falling within these specifically

1 defined categories are subject to the income tax rates provided in §
2 26-51-201.

3 (3) However, nothing in this section or § 26-51-302 shall be
4 construed to prevent any person covered by this section or § 26-51-302 from
5 electing to be taxed under the tax rates set forth by § 26-51-201 (a) and
6 (b)."

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8 SECTION 3. Section 26-51-302 of the Arkansas Code of 1987 Annotated is
9 hereby amended to read as follows:

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" (A) REDUCED TAX TABLE A

Income	Tax
Below \$5,550	\$00
\$5,551 - 5,600	26
5,601 - 5,700	27
5,701 - 5,800	28
5,801 - 5,900	29
5,901 - 6,000	29
6,001 - 6,100	30
6,101 - 6,200	31
6,201 - 6,300	32
6,301 - 6,400	32
6,401 - 6,500	33
6,501 - 6,600	34
6,601 - 6,700	35
6,701 - 6,800	36
6,801 - 6,900	37
6,901 - 7,000	38
7,001 - 7,100	39
7,101 - 7,200	40
7,201 - 7,300	41
7,301 - 7,400	42
7,401 - 7,500	43

1	7,501 - 7,600	44
2	7,601 - 7,700	45
3	7,701 - 7,800	46
4	7,801 - 7,900	47
5		
6	Income	Tax
7		
8	\$7,901 - 8,000	\$48
9	8,001 - 8,100	49
10	8,101 - 8,200	50
11	8,201 - 8,300	51
12	8,301 - 8,400	52
13	8,401 - 8,500	107
14	8,501 - 8,600	109
15	8,601 - 8,700	111
16	8,701 - 8,800	114
17	8,801 - 8,900	116
18	8,901 - 9,000	118
19	9,001 - 9,100	120
20	9,101 - 9,200	122
21	9,201 - 9,300	124
22	9,301 - 9,400	127
23	9,401 - 9,500	129
24	9,501 - 9,600	131
25	9,601 - 9,700	134
26	9,701 - 9,800	135
27	9,801 - 9,900	137
28	9,901 - 10,000	139
29	10,001 - 10,100	141
30	10,101 - 10,200	145
31	10,201 - 10,300	147
32	10,301 - 10,400	151
33	10,401 - 10,500	153
34	10,501 - 10,600	157
35	10,601 - 10,700	159

1	10,701 - 10,800	163
2	10,801 - 10,900	165
3	10,901 - 11,000	169
4	11,001 - 11,100	171
5	11,101 - 11,200	175
6	11,201 - 11,300	177
7		
8	Income	Tax
9	\$11,301 - 11,399	\$181

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11 Above \$11,399 Use Standard Table

12

13 (B) REDUCED TAX TABLE B

14	Income	Tax
15		
16	Below \$10,000	\$00
17	\$10,001 - 10,100	71
18	10,101 - 10,200	72
19	10,201 - 10,300	74
20	10,301 - 10,400	75
21	10,401 - 10,500	77
22	10,501 - 10,600	78
23	10,601 - 10,700	80
24	10,701 - 10,800	81
25	10,801 - 10,900	83
26	10,901 - 11,000	84
27	11,001 - 11,100	86
28	11,101 - 11,200	87
29	11,201 - 11,300	89
30	11,301 - 11,400	90
31	11,401 - 11,500	92
32	11,501 - 11,600	93
33	11,601 - 11,700	95
34	11,701 - 11,800	96
35	11,801 - 11,900	98

1	11,901 - 12,000	99
2	12,001 - 12,100	101
3	12,101 - 12,200	102
4	12,201 - 12,300	104
5	12,301 - 12,400	105
6	12,401 - 12,500	107
7	12,501 - 12,600	108
8	12,601 - 12,700	110
9		
10	Income	Tax
11		
12	\$12,701 - 12,800	\$111
13	12,801 - 12,900	113
14	12,901 - 13,000	114
15	13,001 - 13,100	231
16	13,101 - 13,200	235
17	13,201 - 13,300	237
18	13,301 - 13,400	241
19	13,401 - 13,500	243
20	13,501 - 13,600	247
21	13,601 - 13,700	249
22	13,701 - 13,800	253
23	13,801 - 13,900	255
24	13,901 - 14,000	259
25	14,001 - 14,100	261
26	14,101 - 14,200	265
27	14,201 - 14,300	267
28	14,301 - 14,400	271
29	14,401 - 14,500	273
30	14,501 - 14,600	277
31	14,601 - 14,700	279
32	14,701 - 14,800	283
33	14,801 - 14,900	285
34	14,901 - 15,000	289
35	15,001 - 15,100	291

1	15,101 - 15,200	295
2	15,201 - 15,300	297
3	15,301 - 15,400	301
4	15,401 - 15,500	303
5	15,501 - 15,600	307
6	15,601 - 15,700	309
7	15,701 - 15,800	313
8	15,801 - 15,900	315
9	15,901 - 16,000	319
10	16,001 - 16,100	322
11		
12	Income	Tax
13		
14	\$16,101 - 16,199	\$326
15		

Above \$16,199 Use Standard Table

(C) REDUCED TAX TABLE C

19	Income	Tax
20		
21	Below \$7,150	\$00
22	\$7,151 - 7,200	00
23	7,201 - 7,300	42
24	7,301 - 7,400	42
25	7,401 - 7,500	43
26	7,501 - 7,600	44
27	7,601 - 7,700	45
28	7,701 - 7,800	46
29	7,801 - 7,900	47
30	7,901 - 8,000	48
31	8,001 - 8,100	49
32	8,101 - 8,200	50
33	8,201 - 8,300	51
34	8,301 - 8,400	52
35	8,401 - 8,500	54

1	8,501 - 8,600	55
2	8,601 - 8,700	56
3	8,701 - 8,800	57
4	8,801 - 8,900	58
5	8,901 - 9,000	59
6	9,001 - 9,100	60
7	9,101 - 9,200	61
8	9,201 - 9,300	62
9	9,301 - 9,400	63
10	9,401 - 9,500	64
11	9,501 - 9,600	65
12	9,601 - 9,700	66
13		
14	Income	Tax
15		
16	\$9,701 - 9,800	\$67
17	9,801 - 9,900	68
18	9,901 - 10,000	69
19	10,001 - 10,100	71
20	10,101 - 10,200	72
21	10,201 - 10,300	74
22	10,301 - 10,400	75
23	10,401 - 10,500	77
24	10,501 - 10,600	78
25	10,601 - 10,700	80
26	10,701 - 10,800	81
27	10,801 - 10,900	83
28	10,901 - 11,000	84
29	11,001 - 11,100	86
30	11,101 - 11,200	87
31	11,201 - 11,300	88
32	11,301 - 11,400	90
33	11,401 - 11,500	92
34	11,501 - 11,600	93
35	11,601 - 11,700	189

1	11,701 - 11,800	193
2	11,801 - 11,900	195
3	11,901 - 12,000	199
4	12,001 - 12,100	201
5	12,101 - 12,200	205
6	12,201 - 12,300	207
7	12,301 - 12,400	211
8	12,401 - 12,500	213
9	12,501 - 12,600	217
10	12,601 - 12,700	219
11	12,701 - 12,800	223
12	12,801 - 12,900	225
13	12,901 - 13,000	229
14	13,001 - 13,100	231
15		
16	Income	Tax
17		
18	\$13,101 - 13,200	\$235
19	13,201 - 13,300	237
20	13,301 - 13,400	241
21	13,401 - 13,500	243
22	13,501 - 13,600	247
23	13,601 - 13,700	249
24	13,701 - 13,800	253
25	13,801 - 13,900	255
26	13,901 - 14,000	259
27	14,001 - 14,100	261
28	14,101 - 14,200	265
29	14,201 - 14,300	267
30	14,301 - 14,400	271
31	14,401 - 14,500	273
32	14,501 - 14,600	277
33	14,601 - 14,700	279
34	14,701 - 14,800	283
35	14,801 - 14,900	285

1 14,901 - 15,000 289
2 15,001 - 15,100 291
3 15,101 - 15,200 295
4 15,201 - 15,300 297
5 15,301 - 15,400 301
6 15,401 - 15,500 303
7 15,501 - 15,600 307
8 15,601 - 15,700 309
9 15,701 - 15,800 313
10 15,801 - 15,900 315
11 15,901 - 16,000 319
12 16,001 - 16,100 322
13 16,101 - 16,199 326

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15 Above \$16,199 Use Standard Table"

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18 SECTION 4. Section 26-51-436 of the Arkansas Code of 1987 Annotated is
19 hereby amended to read as follows:

20 "Notwithstanding any other provision of this act with regard to
21 deductions allowed in computing net income:

22 (1) Section 465 of the federal Internal Revenue Code of 1986, in
23 effect on January 1, 1987, is adopted to limit deductions claimed under this
24 act to the amount the taxpayer has at risk, as that term is used in the
25 federal income tax law;

26 (2) Section 469 of the federal Internal Revenue Code of 1986, as
27 in effect on January 1, 1989, regarding the limitations on deductibility of
28 passive activity losses and credits, is hereby adopted for the purpose of
29 computing Arkansas income tax liability.

30 (3) Subsections (a), (b), (c), and (d) of Section 280F of the
31 federal Internal Revenue Code of 1986, as in effect on January 1, 1989,
32 regarding investment tax credit and depreciation for luxury automobiles, is
33 hereby adopted for purposes of computing Arkansas income tax liability.

34 (4) Section 68 of the Internal Revenue Code of 1986, as in effect
35 on January 1, 1991, is adopted to limit itemized deductions."

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SECTION 5. The provisions contained in this act shall be effective for income years beginning on and after January 1, 1991.

SECTION 6. CODE. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 7. SEVERABILITY. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 8. REPEALER. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 9. EMERGENCY CLAUSE. It is hereby found and determined by the General Assembly that certain low income working taxpayers and senior citizens bear a disproportionate share of the state tax burden; that unless this act becomes effective immediately upon passage irreparable harm will occur to low income taxpayers of this state; and that this act should become effective immediately upon passage. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

/s/ Ernest Cunningham et al

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