

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

A Bill

SENATE BILL

4 **By: Senators Hardin, Bookout, Bearden and Ross**

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For An Act To Be Entitled

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

13

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

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

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

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

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

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

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

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

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

35 (7) Ten thousand six hundred fifty dollars (\$10,650) if married,

1 filing jointly, and one spouse is 65 or older;

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

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

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

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

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

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

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

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

22 (f) As used in this section, the term Dependent shall have the same
23 meaning as defined in section 152 of the Federal Internal Revenue Code of
24 1986, in effect on January 1, 1991.

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

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

32 "(a) There shall be exempted from state individual income tax the
33 following income categories:

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

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

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

5 (b) However:

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

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

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

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

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

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

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

31 (2) All other persons not falling within these specifically
32 defined categories are subject to the income tax rates provided in §26-51-201.

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

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

" (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
7,501 - 7,600	44
7,601 - 7,700	45
7,701 - 7,800	46
7,801 - 7,900	47
7,901 - 8,000	48
8,001 - 8,100	49
8,101 - 8,200	50

1	8,201 - 8,300	51
2	8,301 - 8,400	52
3	8,401 - 8,500	107
4	8,501 - 8,600	109
5	8,601 - 8,700	111
6		
7	Income	Tax
8		
9	\$8,701 - 8,800	\$114
10	8,801 - 8,900	116
11	8,901 - 9,000	118
12	9,001 - 9,100	120
13	9,101 - 9,200	122
14	9,201 - 9,300	124
15	9,301 - 9,400	127
16	9,401 - 9,500	129
17	9,501 - 9,600	131
18	9,601 - 9,700	134
19	9,701 - 9,800	135
20	9,801 - 9,900	137
21	9,901 - 10,000	139
22	10,001 - 10,100	141
23	10,101 - 10,200	145
24	10,201 - 10,300	147
25	10,301 - 10,400	151
26	10,401 - 10,500	153
27	10,501 - 10,600	157
28	10,601 - 10,700	159
29	10,701 - 10,800	163
30	10,801 - 10,900	165
31	10,901 - 11,000	169
32	11,001 - 11,100	171
33	11,101 - 11,200	175
34	11,201 - 11,300	177
35	\$11,301 - 11,399	\$181

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Above \$11,399 Use Standard Table

(B) REDUCED TAX TABLE B

Income	Tax
Below \$10,000	\$00
\$10,001 - 10,100	71
Income	Tax
\$10,101 - 10,200	\$72
10,201 - 10,300	74
10,301 - 10,400	75
10,401 - 10,500	77
10,501 - 10,600	78
10,601 - 10,700	80
10,701 - 10,800	81
10,801 - 10,900	83
10,901 - 11,000	84
11,001 - 11,100	86
11,101 - 11,200	87
11,201 - 11,300	89
11,301 - 11,400	90
11,401 - 11,500	92
11,501 - 11,600	93
11,601 - 11,700	95
11,701 - 11,800	96
11,801 - 11,900	98
11,901 - 12,000	99
12,001 - 12,100	101
12,101 - 12,200	102
12,201 - 12,300	104
12,301 - 12,400	105
12,401 - 12,500	107
12,501 - 12,600	108

1	12,601 - 12,700	110
2	12,701 - 12,800	111
3	12,801 - 12,900	113
4	12,901 - 13,000	114
5	13,001 - 13,100	231
6	13,101 - 13,200	235
7	13,201 - 13,300	237
8	13,301 - 13,400	241
9	13,401 - 13,500	243
10	Income	Tax
11		
12	\$13,501 - 13,600	\$247
13	13,601 - 13,700	249
14	13,701 - 13,800	253
15	13,801 - 13,900	255
16	13,901 - 14,000	259
17	14,001 - 14,100	261
18	14,101 - 14,200	265
19	14,201 - 14,300	267
20	14,301 - 14,400	271
21	14,401 - 14,500	273
22	14,501 - 14,600	277
23	14,601 - 14,700	279
24	14,701 - 14,800	283
25	14,801 - 14,900	285
26	14,901 - 15,000	289
27	15,001 - 15,100	291
28	15,101 - 15,200	295
29	15,201 - 15,300	297
30	15,301 - 15,400	301
31	15,401 - 15,500	303
32	15,501 - 15,600	307
33	15,601 - 15,700	309
34	15,701 - 15,800	313
35	15,801 - 15,900	315

1	15,901 - 16,000	319
2	16,001 - 16,100	322
3	\$16,101 - 16,199	\$326

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Above \$16,199 Use Standard Table

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(C) REDUCED TAX TABLE C

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Income	Tax
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10	Below \$7,150	\$00
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11	Income	Tax
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13	\$7,151 - 7,200	\$00
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14	7,201 - 7,300	42
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15	7,301 - 7,400	42
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16	7,401 - 7,500	43
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17	7,501 - 7,600	44
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18	7,601 - 7,700	45
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19	7,701 - 7,800	46
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20	7,801 - 7,900	47
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21	7,901 - 8,000	48
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22	8,001 - 8,100	49
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23	8,101 - 8,200	50
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24	8,201 - 8,300	51
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25	8,301 - 8,400	52
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26	8,401 - 8,500	54
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27	8,501 - 8,600	55
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28	8,601 - 8,700	56
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29	8,701 - 8,800	57
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30	8,801 - 8,900	58
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31	8,901 - 9,000	59
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32	9,001 - 9,100	60
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33	9,101 - 9,200	61
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34	9,201 - 9,300	62
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35	9,301 - 9,400	63
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1	9,401 - 9,500	64
2	9,501 - 9,600	65
3	9,601 - 9,700	66
4	9,701 - 9,800	67
5	9,801 - 9,900	68
6	9,901 - 10,000	69
7	10,001 - 10,100	71
8	10,101 - 10,200	72
9	10,201 - 10,300	74
10	10,301 - 10,400	75
11	10,401 - 10,500	77
12		
13	Income	Tax
14		
15	\$10,501 - 10,600	\$78
16	10,601 - 10,700	80
17	10,701 - 10,800	81
18	10,801 - 10,900	83
19	10,901 - 11,000	84
20	11,001 - 11,100	86
21	11,101 - 11,200	87
22	11,201 - 11,300	88
23	11,301 - 11,400	90
24	11,401 - 11,500	92
25	11,501 - 11,600	93
26	11,601 - 11,700	189
27	11,701 - 11,800	193
28	11,801 - 11,900	195
29	11,901 - 12,000	199
30	12,001 - 12,100	201
31	12,101 - 12,200	205
32	12,201 - 12,300	207
33	12,301 - 12,400	211
34	12,401 - 12,500	213
35	12,501 - 12,600	217

1	12,601 - 12,700	219
2	12,701 - 12,800	223
3	12,801 - 12,900	225
4	12,901 - 13,000	229
5	13,001 - 13,100	231
6	13,101 - 13,200	235
7	13,201 - 13,300	237
8	13,301 - 13,400	241
9	13,401 - 13,500	243
10	13,501 - 13,600	247
11	13,601 - 13,700	249
12	13,701 - 13,800	253
13	13,801 - 13,900	255
14		
15	Income	Tax
16		
17	\$13,901 - 14,000	\$259
18	14,001 - 14,100	261
19	14,101 - 14,200	265
20	14,201 - 14,300	267
21	14,301 - 14,400	271
22	14,401 - 14,500	273
23	14,501 - 14,600	277
24	14,601 - 14,700	279
25	14,701 - 14,800	283
26	14,801 - 14,900	285
27	14,901 - 15,000	289
28	15,001 - 15,100	291
29	15,101 - 15,200	295
30	15,201 - 15,300	297
31	15,301 - 15,400	301
32	15,401 - 15,500	303
33	15,501 - 15,600	307
34	15,601 - 15,700	309
35	15,701 - 15,800	313

1	15,801 - 15,900	315
2	15,901 - 16,000	319
3	16,001 - 16,100	322
4	16,101 - 16,199	326

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Above \$16,199 Use Standard Table"

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

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

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

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

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

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

27

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

30

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

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35 SECTION 7. SEVERABILITY. If any provision of this act or the

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

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

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

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