

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Hardin**

A Bill

SENATE BILL

For An Act To Be Entitled

8 "AN ACT TO AMEND SECTION 26-51-801 OF THE ARKANSAS CODE OF
9 1987 ANNOTATED TO ELIMINATE THE INCOME TAX LIABILITY AND
10 FILING REQUIREMENTS OF LOW INCOME INDIVIDUALS; TO AMEND
11 SECTION 26-51-201(a) OF THE ARKANSAS CODE OF 1987
12 ANNOTATED TO INCREASE THE INCOME TAX TO A FLAT SEVEN
13 PERCENT RATE FOR INDIVIDUALS, TRUSTS, AND ESTATES WITH
14 INCOMES IN EXCESS OF ONE HUNDRED THOUSAND DOLLARS; AND FOR
15 OTHER PURPOSES."

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

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

21 "26-51-801. Returns by individuals.

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

26 (1) Four thousand five hundred dollars (\$4,500) or over, if
27 married and not filing jointly;

28 (2) Five thousand one hundred dollars (\$5,100) or over, if
29 married and blind or 65 or older, and not filing jointly;

30 (3) Five thousand seven hundred dollars (\$5,700) or over, if
31 married, blind, and 65 or older and not filing jointly;

32 (4) Five thousand dollars (\$5,000) or over, if unmarried;

33 (5) Five thousand seven hundred fifty dollars (\$5,750) or over,
34 if unmarried and blind or 65 or older;

35 (6) Six thousand five hundred dollars (\$6,500) or over, if

1 unmarried, blind, and 65 or older;

2 (7) Six thousand four hundred dollars (\$6,400) or over, if head
3 of household;

4 (8) Seven thousand one hundred fifty dollars (\$7,150) or over, if
5 head of household and blind or 65 or older;

6 (9) Seven thousand nine hundred dollars (\$7,900) or over, if head
7 of household, blind, and 65 or older;

8 (10) Nine thousand dollars (\$9,000) or over, if married and filing
9 jointly;

10 (11) Nine thousand six hundred dollars (\$9,600) or over, if
11 married, filing jointly and one (1) spouse 65 or older;

12 (12) Ten thousand two hundred dollars (\$10,200) or over, if
13 married, filing jointly, one (1) spouse 65 or older, and one (1) spouse blind;

14 (13) Ten thousand eight hundred dollars (\$10,800) or over, if
15 married, filing jointly, both spouses 65 or older, and one (1) spouse blind;

16 (14) Eleven thousand four hundred dollars (\$11,400) or over, if
17 married, filing jointly, both spouses 65 or older and both spouses blind.

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

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

24 (d) As used in this act, the term 'Head of Household' shall have the
25 same meaning as defined in Section 2(b) of the Federal Internal Revenue Code
26 of 1986, in effect on January 1, 1987.

27 (e) As used in this section, the term 'jointly' means filing a joint
28 return, and separate on same return.

29 (f) Gross income categories below the amounts stated in paragraphs
30 (a)(1) through and including (a)(14) of this section shall be exempt from
31 state income tax.

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

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SECTION 2. Section 26-51-201(a) of the Arkansas Code of 1987 Annotated is amended to read as follows:

"(a) (1) A tax is imposed upon, and with respect to, the entire income of every resident, individual, trust, or estate. The tax shall be levied, collected, and paid annually upon the entire net income as defined and computed in this chapter at the following rates, giving effect to the tax credits provided hereafter, in the manner set forth:

(A) On the first two thousand nine hundred ninety-nine dollars (\$2,999) of net income or any part thereof, one percent (1%);

(B) On the next three thousand dollars (\$3,000) of net income or any part thereof, two and one-half percent (2 1/2%);

(C) On the next three thousand dollars (\$3,000) of net income or any part thereof, three and one-half percent (3 1/2%);

(D) On the next six thousand dollars (\$6,000) of net income or any part thereof, four and one-half percent (4 1/2%);

(E) On the next ten thousand dollars (\$10,000) of net income or any part thereof, six percent (6%);

(F) On net income of twenty-five thousand dollars (\$25,000) and above, seven percent (7%);

(G) A rate of seven percent (7%) on the entire net income of an unmarried person, trust or estate, when such income exceeds one hundred thousand dollars (\$100,000) and on the entire combined net income of a married couple, when such combined net income exceeds one hundred thousand dollars (\$100,000). A couple shall be subject to this rate regardless of whether the couple files jointly or separately either on the same or separate returns.

(2) Every married spouse filing separately on a separate form shall state on his or her return the net income and social security number of the other spouse. For the purposes of this subsection, 'combined net income' means the sum of the net income of both spouses."

SECTION 3. Sections 26-51-301 and 26-51-302 of the Arkansas Code of 1987 Annotated and all laws and parts of laws in conflict with this act are hereby repealed.

1 SECTION 4. The provisions contained in this act shall be effective for
2 income years beginning on and after January 1, 1991.

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4 SECTION 5. If any provision of this act or the application thereof to
5 any person or circumstance is held invalid, such invalidity shall not affect
6 other provisions or applications of the act which can be given effect without
7 the invalid provision or application, and to this end the provisions of this
8 act are declared to be severable.

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

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14 SECTION 7. EMERGENCY. It is hereby found and determined by the General
15 Assembly that certain low income working taxpayers and senior citizens bear a
16 disproportionate share of the state tax burden and that other high income
17 individual taxpayers bear a proportionately smaller share of the state tax
18 burden; that this act reduces these inequities; that unless this act becomes
19 effective immediately upon passage irreparable harm will occur to low income
20 taxpayers of this state and to the overall equity of the Arkansas tax system;
21 and that this act should become effective immediately upon passage.
22 Therefore, an emergency is hereby declared to exist and this Act being
23 necessary for the preservation of the public peace, health and safety shall be
24 in full force and effect from and after its passage and approval.

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