

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

As Engrossed: H3/19/97

A Bill

HOUSE BILL 2220

4
5 By: Representative Mullenix
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7

For An Act To Be Entitled

8
9 "AN ACT RELATING TO INDIVIDUAL INCOME TAX; AND FOR OTHER
10 PURPOSES."

Subtitle

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12
13 "AN ACT RELATING TO INDIVIDUAL INCOME
14 TAX."

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16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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18 SECTION 1. Arkansas Code § 26-51-201 is amended to read as follows:

19 "§ 26-51-201. ~~Individuals, trusts, and estates.~~

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

25 (1) On the first two thousand nine hundred ninety-nine dollars
26 (\$2,999) of net income or any part thereof, one percent (1%);

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

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

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

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

35 (6) On net income of twenty-five thousand dollars (\$25,000) and
36 above, seven percent (7%).

1 (b) However, no state income tax shall be due this state from a trust
2 or estate created by a nonresident donor, trustor, or settlor, or by a
3 nonresident testator even though administered by a resident trustee or
4 personal representative except on income derived from:

5 (1) Lands situated in this state, including gains from any sale
6 thereof;

7 (2) Any interest in lands situated in this state, including,
8 without limitation, chattels real, including gains from any sale thereof;

9 (3) Tangible personal property located in Arkansas, including
10 gains from any sale thereof; and

11 (4) Unincorporated businesses domiciled in Arkansas.

12 (c) No income tax shall be due the State of Arkansas from a nonresident
13 beneficiary on income received from a trust being administered by a resident
14 trustee except on income derived by the trust from:

15 (1) Lands situated in this state, including gains from any sale
16 thereof;

17 (2) Any interest in lands situated in this state, including,
18 without limitation, chattels real, including gains from any sale thereof;

19 (3) Tangible personal property located in Arkansas, including
20 gains from any sale thereof; and

21 (4) Unincorporated businesses domiciled in Arkansas.

22 (d) A tax is imposed upon, and with respect to, the net adjusted gross
23 income of every individual taxpayer of this state. Net adjusted gross income
24 is the taxpayer's adjusted gross income minus five thousand dollars (\$5,000)
25 for the taxpayer and each dependent. Except for the deduction provided in
26 this subsection, individual income taxpayers shall hereafter be entitled to no
27 credits, exemptions, or deductions for computing their state income tax
28 liability. The tax shall be levied, collected, and paid annually upon the net
29 gross income as follows:

30 (1) Four and eight-tenths percent (4.8%) of the first one hundred
31 ninety-nine thousand nine hundred ninety nine dollars (\$199,999) of net
32 adjusted gross income; and

33 (2) Seven and five-tenths percent (7.5%) of the net adjusted gross
34 income in excess of one hundred ninety-nine thousand nine hundred ninety-nine
35 dollars (\$199,999)."

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1 SECTION 2. Arkansas Code §§ 26-51-301, 302, 305, 306, 307, and 310 are
2 repealed.

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4 SECTION 3. The provisions of this act shall be effective for tax years
5 beginning on and after January 1, 1998.

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7 SECTION 4. All provisions of this act of a general and permanent nature
8 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
9 Revision Commission shall incorporate the same in the Code.

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

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17 SECTION 6. All laws and parts of laws in conflict with this act are
18 hereby repealed.

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/s/Rep. Mullenix

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