

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 2221

4
5 By: Representative Mullenix
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For An Act To Be Entitled

9 "AN ACT RELATING TO INDIVIDUAL INCOME TAX; TO PROVIDE A
10 SALES TAX EXEMPTION FOR FOOD; AND FOR OTHER PURPOSES."

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Subtitle

13 "AN ACT RELATING TO INDIVIDUAL INCOME
14 TAX; AND TO PROVIDE A SALES TAX
15 EXEMPTION FOR FOOD."
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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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19 SECTION 1. Arkansas Code § 26-51-201 is amended to read as follows:

20 "§ 26-51-201. ~~Individuals, trusts, and estates.~~

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

26 (1) On the first two thousand nine hundred ninety-nine dollars
27 (\$2,999) of net income or any part thereof, one percent (1%);

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

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

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

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

36 (6) On net income of twenty-five thousand dollars (\$25,000) and

1 above, seven percent (7%).

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

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

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

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

12 (4) Unincorporated businesses domiciled in Arkansas.

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

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

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

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

22 (4) Unincorporated businesses domiciled in Arkansas.

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

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

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

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

SECTION 3. (a) For purposes of this act, eligible food and beverage means any food as defined in Section 3 of the federal Food Stamp Act of 1977 (P.L. 95-113), as amended, 7 U.S.C.S. 2012(g), as the Act existed on January 1, 1997, except eligible food and beverage shall not include soft drinks as defined by Arkansas Code § 26-57-902(b)(14).

(b) The sales and use taxes levied by Chapters 52 and 53 of Title 26 of the Arkansas Code on eligible food and beverage sold for human consumption shall be reduced to 3% for sales occurring after December 31, 1997 through June 30, 1998.

(c) The sales and use taxes levied by Chapters 52 and 53 of Title 26 of the Arkansas Code on eligible food and beverage sold for human consumption shall be reduced to two percent (2%) for sales occurring after June 30, 1998 through June 30, 1999.

(d) The sales and use taxes levied by Chapters 52 and 53 of Title 26 of the Arkansas Code on eligible food and beverage sold for human consumption shall be reduced to one percent (1%) for sales occurring after June 30, 1999 through June 30, 2000.

(e) Beginning July 1, 2000 eligible food and beverage sold for human consumption shall be exempt for the sales and use taxes levied by Chapters 52 and 53 of Title 26 of the Arkansas Code.

(f) The exemption provided in this act shall not affect local sales and use taxes levied in this state and eligible food and beverage and soft drinks shall continue to be subject to local sales and use taxes.

SECTION 4. Any local sales and use tax levied on or after January 1, 2000 shall not include eligible food and beverage as defined by this act."

SECTION 5. The provisions of Sections 1 and 2 of this act shall be effective for tax years beginning on and after January 1, 1998. The provisions of Sections 3 and 4 of this act shall be effective as provided in those sections.

SECTION 6. All provisions of this act of a general and permanent nature

1 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
2 Revision Commission shall incorporate the same in the Code.

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

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/s/Rep. Mullenix

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