

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005  
4

*As Engrossed: S1/20/05*

# A Bill

SENATE BILL 38

5 By: Senators Malone, Hill, Argue, Madison, Broadway, Higginbotham, J. Jeffress, G. Jeffress, Salmon,  
6 T. Smith, Glover, Luker, Bryles, J. Bookout, Laverty, Hendren, Horn, Wilkinson, Wooldridge, Brown,  
7 Capps, Miller, J. Taylor, *Trusty, Womack*  
8 By: Representative Thyer  
9

## For An Act To Be Entitled

12 AN ACT TO REPEAL THE INCOME TAX SURCHARGE  
13 BEGINNING WITH TAX YEAR 2005; AND FOR OTHER  
14 PURPOSES.

## Subtitle

16 AN ACT TO REPEAL THE INCOME TAX  
17 SURCHARGE BEGINNING WITH TAX YEAR 2005.  
18  
19  
20

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

22  
23 SECTION 1. Arkansas Code § 26-51-207 is amended as follows:  
24 26-51-207. Income tax surcharge.

25 (a) In addition to the taxes levied by §§ 26-51-201, 26-51-301, and  
26 26-51-302, there is levied an income tax surcharge of three percent (3%) of  
27 the tax liability of every person required to file an Arkansas income tax  
28 return.

29 (b)(1) If an individual is a resident of an Arkansas border city  
30 described in § 26-52-601 et seq., the individual shall be liable for the  
31 income tax surcharge levied in subsection (a) of this section.

32 (2) The surcharge shall be computed on the tax liability that  
33 would have been due had the income tax exemption of § 26-52-601 et seq. not  
34 been available.

35 (3) The income tax exemption of § 26-52-601 et seq. shall not  
36 apply to the income tax surcharge levied in subsection (a) of this section.



1 (c) The revenues derived from the additional tax imposed by this  
2 section shall be credited to the General Revenue Fund Account of the State  
3 Apportionment Fund, there to be distributed with the other gross general  
4 revenue collections.

5 (d) For purposes of this section, "tax liability" means the taxes  
6 imposed pursuant to §§ 26-51-201, 26-51-301, and 26-52-302 before the  
7 application of any tax credits.

8 (e) This section shall apply only to tax years beginning in calendar  
9 years 2003 and 2004.

10 ~~(f)(1) This section shall also continue to apply to tax years  
11 beginning January 1, 2005, except as provided in this subsection.~~

12 ~~(2) When the budget estimates required by § 19-4-202(b) for the  
13 fiscal year ending June 30, 2006, reflect projected growth in general  
14 revenues available for distribution equal to or in excess of one hundred  
15 twenty-one million dollars (\$121,000,000), the tax rate levied in this  
16 section shall be reduced or shall expire in accordance with this subsection.~~

17 ~~(3)(A) When the budget estimates required by § 19-4-202(b) for  
18 the fiscal year ending June 30, 2006, reflect projected growth in general  
19 revenues available for distribution equal to or in excess of one hundred  
20 fifty-six million dollars (\$156,000,000), the tax levied in this section  
21 shall expire for tax years beginning on and after January 1, 2005.~~

22 ~~(B) When the budget estimates required by § 19-4-202(b)  
23 for the fiscal year ending June 30, 2006, reflect projected growth in general  
24 revenues available for distribution equal to or in excess of one hundred  
25 thirty-nine million dollars (\$139,000,000) but less than one hundred fifty-  
26 six million dollars (\$156,000,000), the tax rate levied in this section shall  
27 be reduced to one percent (1%) for tax years beginning on and after January  
28 1, 2005.~~

29 ~~(C) When the budget estimates required by § 19-4-202(b)  
30 for the fiscal year ending June 30, 2006, reflect projected growth in general  
31 revenues available for distribution equal to or in excess of one hundred  
32 twenty-one million dollars (\$121,000,000) but less than one hundred thirty-  
33 nine million dollars (\$139,000,000), the tax rate levied in this section  
34 shall be reduced to two percent (2%) for tax years beginning on and after  
35 January 1, 2005.~~

36 /s/ Malone