

INTERIM STUDY PROPOSAL 2023-019

1
2 State of Arkansas
3 94th General Assembly
4 Regular Session, 2023
5

A Bill

HOUSE BILL 1016

6 By: Representative Ray
7 By: Senator J. Dismang

8 Filed with: House Committee on Revenue and Taxation
9 pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

10
11 AN ACT TO CREATE THE INFLATION REDUCTION ACT OF 2023;
12 TO AMEND THE STATE INCOME-TAX LAWS; TO REMOVE THE CAP
13 ON INCREASES TO THE STANDARD DEDUCTION AND INDIVIDUAL
14 INCOME-TAX TABLES DUE TO INFLATION; TO TIE INCREASES
15 OF THE STANDARD DEDUCTION AND INDIVIDUAL INCOME-TAX
16 TABLES TO A REGIONAL INDEX OF THE CONSUMER PRICE
17 INDEX; FOR OTHER PURPOSES.
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Subtitle

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21 TO CREATE THE INFLATION REDUCTION ACT OF
22 2023.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. DO NOT CODIFY. TITLE.

28 This act shall be known and may be cited as the "Inflation Reduction
29 Act of 2023."
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31 SECTION 2. Arkansas Code § 26-51-201(d)(2), concerning the method of
32 annually adjusting the tables that determine the amount of individual income
33 tax due, is amended to read as follows:

34 (2) For purposes of subdivision (d)(1) of this section, the
35 cost-of-living adjustment for a calendar year is the percentage, if any, by
36 which the CPI for the current calendar year exceeds the CPI for the preceding

1 calendar year, ~~not to exceed three percent (3%)~~. The CPI for any calendar
2 year is the average of the Consumer Price Index as of the close of the
3 twelve-month period ending on August 31 of such calendar year. "Consumer
4 Price Index" means the last Consumer Price Index for ~~All Urban Consumers~~ the
5 West South Central Division of the South Region published by the United
6 States Department of Labor.

7
8 SECTION 3. Arkansas Code § 26-51-430(c), concerning the indexing of
9 the standard income tax deduction to inflation, is amended to read as
10 follows:

11 (c)(1) The Secretary of the Department of Finance and Administration
12 shall increase annually the standard deduction provided under subsection (b)
13 of this section by the cost-of-living adjustment for the current calendar
14 year, rounding the amount to the nearest ten dollars (\$10.00).

15 (2)(A)(i) For purposes of subdivision (c)(1) of this section,
16 the cost-of-living adjustment for a calendar year is the percentage, if any,
17 by which the Consumer Price Index for the current calendar year exceeds the
18 Consumer Price Index for the preceding calendar year, ~~not to exceed three~~
19 ~~percent (3%)~~.

20 (ii) If the Consumer Price Index for the current
21 calendar year does not exceed the Consumer Price Index for the preceding
22 calendar year, the standard deduction shall not be adjusted under this
23 subsection for that year.

24 (B) The Consumer Price Index for a calendar year is the
25 average of the Consumer Price Index as of the close of the twelve-month
26 period ending on August 31 of that calendar year.

27 (C) As used in this subsection, "Consumer Price Index"
28 means the most recent Consumer Price Index for ~~All Urban Consumers~~ the West
29 South Central Division of the South Region published by the United States
30 Department of Labor.

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32 SECTION 4. EFFECTIVE DATE. Section 1 of this act is effective for tax
33 years beginning on or after January 1, 2023.

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36 Referred requested by the Arkansas House of Representatives

1 Prepared by: JLL/SJA

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