

As Engrossed: 2/8/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**

A BILL ACT 95 OF 1991
HOUSE BILL 1357

4 **By: Representatives Cunningham, Argue, McGinnis, Barclay, B. Wood, J. Miller,**
5 **McCuston, Allen, Mahony, Wingfield, Arnold, Dowd, Mullenix, Parkerson,**
6 **Dawson, Capps, Stewart, Hinshaw, Thicksten, Maddox, Schexnayder, Landers,**
7 **Holland, O. Miller, Forgey, Flanagan, Northcutt, and McGee**

8
9

10 **For An Act To Be Entitled**

11 "AN ACT TO ELIMINATE THE INCOME TAX LIABILITY AND
12 FILING REQUIREMENTS OF LOW INCOME INDIVIDUALS; TO
13 AMEND THE REDUCED TAX TABLES; TO PLACE AN OVERALL
14 LIMITATION ON ITEMIZED DEDUCTIONS; AND FOR OTHER
15 PURPOSES."

16

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

18

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

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

25 (1) Two thousand one hundred fifty dollars (\$2,150) if married and
26 not filing jointly or married but living apart from the spouse at the end of
27 the income year (or on the date the spouse died);

28 (2) Five thousand five hundred fifty dollars (\$5,550) if single
29 and under 65;

30 (3) Six thousand four hundred dollars (\$6,400) if single and 65 or
31 over;

32 (4) Seven thousand one hundred fifty dollars (\$7,150) if head of
33 household and under 65;

34 (5) Eight thousand dollars (\$8,000) if head of household and 65 or
35 over;

36 (6) Ten thousand dollars (\$10,000) if married, filing jointly, and

1 both spouses are under 65;

2 (7) Ten thousand six hundred fifty dollars (\$10,650) if married,
3 filing jointly, and one spouse is 65 or older;

4 (8) Eleven thousand three hundred dollars (\$11,300) if married,
5 filing jointly, and both spouses are 65 or over;

6 (9) Seven thousand eight hundred fifty dollars (\$7,850) if a
7 qualifying widow or widower with a dependent child and under 65;

8 (10) Eight thousand five hundred dollars (\$8,500) if a qualifying
9 widow or widower with a dependent child and 65 or over.

10 (b) If husband and wife are living together and have an aggregate gross
11 income of ten thousand dollars (\$10,000) or over, each shall make a return
12 unless the income of each is included in a single joint return.

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

16 (d) (1) As used in this section, the term Head of Household shall have
17 the same meaning as defined in section 2(b) of the Federal Internal Revenue
18 Code of 1986, in effect on January 1, 1991.

19 (2) As used in this section, the term Qualifying Widow or Widower
20 with dependent child shall mean Surviving spouse as defined in section 2(a)
21 of the Federal Internal Revenue Code of 1986, in effect on January 1, 1991.

22 (e) As used in this section, the term jointly means filing a joint
23 return.

24 (f) As used in this section, the term Dependent shall have the same
25 meaning as defined in section 152 of the Federal Internal Revenue Code of
26 1986, in effect on January 1, 1991.

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

31

32 SECTION 2. Section 26-51-301 of the Arkansas Code of 1987 Annotated is
33 hereby amended to read as follows:

34 "(a) There shall be exempted from state individual income tax the
35 following income categories:

1 (1) A single individual whose gross income does not exceed five
2 thousand five hundred fifty dollars (\$5,550) for any income year;

3 (2) A married couple filing jointly whose gross income does not
4 exceed ten thousand dollars (\$10,000) for any income year;

5 (3) An unmarried head of household, whose gross income for any
6 income year does not exceed seven thousand one hundred fifty dollars (\$7,150).

7 (b) However:

8 (1) Any single individual whose gross income for the taxable year
9 is more than five thousand five hundred fifty dollars (\$5,550) but not more
10 than eleven thousand four hundred dollars (\$11,400) may compute the income tax
11 payable on the income in excess of five thousand five hundred fifty dollars
12 (\$5,550) from Reduced Tax Table A, in §26-51-302;

13 (2) Any married couple filing jointly whose gross income for the
14 taxable year is more than ten thousand dollars (\$10,000) but not more than
15 sixteen thousand two hundred dollars (\$16,200) may compute the income tax
16 payable on the income in excess of ten thousand dollars (\$10,000) from Reduced
17 Tax Table B, in §26-51-302;

18 (3) Any head of household whose gross income for the taxable year
19 is more than seven thousand one hundred fifty dollars (\$7,150) but not more
20 than sixteen thousand two hundred dollars (\$16,200) may compute the income tax
21 payable on the income in excess of seven thousand one hundred fifty dollars
22 (\$7,150) from Reduced Tax Table C in §26-51-302.

23

24 (c) (1) As used in this section, the term Head of Household shall have
25 the same meaning as defined in Section 2(b) of the Federal Internal Revenue
26 Code of 1986, in effect on January 1, 1991.

27 (2) To be eligible to use the Reduced Tax Tables, an individual
28 must be a resident of Arkansas for the entire taxable year.

29 (3) The Reduced Tax Tables cannot be used if the six thousand
30 dollar (\$6,000) exemption provided for in Section 26-51-307 of the Arkansas
31 Code Annotated is claimed.

32 (d) (1) Only the persons defined in this section may enjoy the special
33 gross income exemption and the use of the reduced tax tables of §26-51-302.

34 (2) All other persons not falling within these specifically
35 defined categories are subject to the income tax rates provided in §

1 26-51-201.

2 (3) However, nothing in this section or § 26-51-302 shall be
3 construed to prevent any person covered by this section or § 26-51-302 from
4 electing to be taxed under the tax rates set forth by § 26-51-201 (a) and
5 (b)."

6

7 SECTION 3. Section 26-51-302 of the Arkansas Code of 1987 Annotated is
8 hereby amended to read as follows:

9

10 " (A) REDUCED TAX TABLE A

11

Income	Tax
Below \$5,550	\$00
\$5,551 - 5,600	26
5,601 - 5,700	27
5,701 - 5,800	28
5,801 - 5,900	29
5,901 - 6,000	29
6,001 - 6,100	30
6,101 - 6,200	31
6,201 - 6,300	32
6,301 - 6,400	32
6,401 - 6,500	33
6,501 - 6,600	34
6,601 - 6,700	35
6,701 - 6,800	36
6,801 - 6,900	37
6,901 - 7,000	38
7,001 - 7,100	39
7,101 - 7,200	40
7,201 - 7,300	41
7,301 - 7,400	42
7,401 - 7,500	43
7,501 - 7,600	44

35

	Income	Tax
1	7,601 - 7,700	45
2	7,701 - 7,800	46
3	7,801 - 7,900	47
4		
5	Income	Tax
6		
7	\$7,901 - 8,000	\$48
8	8,001 - 8,100	49
9	8,101 - 8,200	50
10	8,201 - 8,300	51
11	8,301 - 8,400	52
12	8,401 - 8,500	107
13	8,501 - 8,600	109
14	8,601 - 8,700	111
15	8,701 - 8,800	114
16	8,801 - 8,900	116
17	8,901 - 9,000	118
18	9,001 - 9,100	120
19	9,101 - 9,200	122
20	9,201 - 9,300	124
21	9,301 - 9,400	127
22	9,401 - 9,500	129
23	9,501 - 9,600	131
24	9,601 - 9,700	134
25	9,701 - 9,800	135
26	9,801 - 9,900	137
27	9,901 - 10,000	139
28	10,001 - 10,100	141
29	10,101 - 10,200	145
30	10,201 - 10,300	147
31	10,301 - 10,400	151
32	10,401 - 10,500	153
33	10,501 - 10,600	157
34	10,601 - 10,700	159
35	10,701 - 10,800	163

1	10,801 - 10,900	165
2	10,901 - 11,000	169
3	11,001 - 11,100	171
4	11,101 - 11,200	175
5	11,201 - 11,300	177
6		
7	Income	Tax
8	\$11,301 - 11,399	\$181

9

10 Above \$11,399 Use Standard Table

11

12 (B) REDUCED TAX TABLE B

13	Income	Tax
14		
15	Below \$10,000	\$00
16	\$10,001 - 10,100	71
17	10,101 - 10,200	72
18	10,201 - 10,300	74
19	10,301 - 10,400	75
20	10,401 - 10,500	77
21	10,501 - 10,600	78
22	10,601 - 10,700	80
23	10,701 - 10,800	81
24	10,801 - 10,900	83
25	10,901 - 11,000	84
26	11,001 - 11,100	86
27	11,101 - 11,200	87
28	11,201 - 11,300	89
29	11,301 - 11,400	90
30	11,401 - 11,500	92
31	11,501 - 11,600	93
32	11,601 - 11,700	95
33	11,701 - 11,800	96
34	11,801 - 11,900	98
35	11,901 - 12,000	99

1	12,001 - 12,100	101
2	12,101 - 12,200	102
3	12,201 - 12,300	104
4	12,301 - 12,400	105
5	12,401 - 12,500	107
6	12,501 - 12,600	108
7	12,601 - 12,700	110
8		
9	Income	Tax
10		
11	\$12,701 - 12,800	\$111
12	12,801 - 12,900	113
13	12,901 - 13,000	114
14	13,001 - 13,100	231
15	13,101 - 13,200	235
16	13,201 - 13,300	237
17	13,301 - 13,400	241
18	13,401 - 13,500	243
19	13,501 - 13,600	247
20	13,601 - 13,700	249
21	13,701 - 13,800	253
22	13,801 - 13,900	255
23	13,901 - 14,000	259
24	14,001 - 14,100	261
25	14,101 - 14,200	265
26	14,201 - 14,300	267
27	14,301 - 14,400	271
28	14,401 - 14,500	273
29	14,501 - 14,600	277
30	14,601 - 14,700	279
31	14,701 - 14,800	283
32	14,801 - 14,900	285
33	14,901 - 15,000	289
34	15,001 - 15,100	291
35	15,101 - 15,200	295

1	8,601 - 8,700	56
2	8,701 - 8,800	57
3	8,801 - 8,900	58
4	8,901 - 9,000	59
5	9,001 - 9,100	60
6	9,101 - 9,200	61
7	9,201 - 9,300	62
8	9,301 - 9,400	63
9	9,401 - 9,500	64
10	9,501 - 9,600	65
11	9,601 - 9,700	66
12		
13	Income	Tax
14		
15	\$9,701 - 9,800	\$67
16	9,801 - 9,900	68
17	9,901 - 10,000	69
18	10,001 - 10,100	71
19	10,101 - 10,200	72
20	10,201 - 10,300	74
21	10,301 - 10,400	75
22	10,401 - 10,500	77
23	10,501 - 10,600	78
24	10,601 - 10,700	80
25	10,701 - 10,800	81
26	10,801 - 10,900	83
27	10,901 - 11,000	84
28	11,001 - 11,100	86
29	11,101 - 11,200	87
30	11,201 - 11,300	88
31	11,301 - 11,400	90
32	11,401 - 11,500	92
33	11,501 - 11,600	93
34	11,601 - 11,700	189
35	11,701 - 11,800	193

1	11,801 - 11,900	195
2	11,901 - 12,000	199
3	12,001 - 12,100	201
4	12,101 - 12,200	205
5	12,201 - 12,300	207
6	12,301 - 12,400	211
7	12,401 - 12,500	213
8	12,501 - 12,600	217
9	12,601 - 12,700	219
10	12,701 - 12,800	223
11	12,801 - 12,900	225
12	12,901 - 13,000	229
13	13,001 - 13,100	231
14		
15	Income	Tax
16		
17	\$13,101 - 13,200	\$235
18	13,201 - 13,300	237
19	13,301 - 13,400	241
20	13,401 - 13,500	243
21	13,501 - 13,600	247
22	13,601 - 13,700	249
23	13,701 - 13,800	253
24	13,801 - 13,900	255
25	13,901 - 14,000	259
26	14,001 - 14,100	261
27	14,101 - 14,200	265
28	14,201 - 14,300	267
29	14,301 - 14,400	271
30	14,401 - 14,500	273
31	14,501 - 14,600	277
32	14,601 - 14,700	279
33	14,701 - 14,800	283
34	14,801 - 14,900	285
35	14,901 - 15,000	289

1	15,001 - 15,100	291
2	15,101 - 15,200	295
3	15,201 - 15,300	297
4	15,301 - 15,400	301
5	15,401 - 15,500	303
6	15,501 - 15,600	307
7	15,601 - 15,700	309
8	15,701 - 15,800	313
9	15,801 - 15,900	315
10	15,901 - 16,000	319
11	16,001 - 16,100	322
12	16,101 - 16,199	326

13

14 Above \$16,199 Use Standard Table"

15

16

17 SECTION 4. Section 26-51-436 of the Arkansas Code of 1987 Annotated is
18 hereby amended to read as follows:

19 "Notwithstanding any other provision of this act with regard to
20 deductions allowed in computing net income:

21 (1) Section 465 of the federal Internal Revenue Code of 1986, in
22 effect on January 1, 1987, is adopted to limit deductions claimed under this
23 act to the amount the taxpayer has at risk, as that term is used in the
24 federal income tax law;

25 (2) Section 469 of the federal Internal Revenue Code of 1986, as
26 in effect on January 1, 1989, regarding the limitations on deductibility of
27 passive activity losses and credits, is hereby adopted for the purpose of
28 computing Arkansas income tax liability.

29 (3) Subsections (a), (b), (c), and (d) of Section 280F of the
30 federal Internal Revenue Code of 1986, as in effect on January 1, 1989,
31 regarding investment tax credit and depreciation for luxury automobiles, is
32 hereby adopted for purposes of computing Arkansas income tax liability.

33 (4) Section 68 of the Internal Revenue Code of 1986, as in effect
34 on January 1, 1991, is adopted to limit itemized deductions."

35

1 SECTION 5. The provisions contained in this act shall be effective for
2 income years beginning on and after January 1, 1991.

3

4 SECTION 6. CODE. All provisions of this Act of a general and permanent
5 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
6 Code Revision Commission shall incorporate the same in the Code.

7

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

13

14 SECTION 8. REPEALER. All laws and parts of laws in conflict with this
15 act are hereby repealed.

16

17 SECTION 9. EMERGENCY CLAUSE. It is hereby found and determined by the
18 General Assembly that certain low income working taxpayers and senior citizens
19 bear a disproportionate share of the state tax burden; that unless this act
20 becomes effective immediately upon passage irreparable harm will occur to low
21 income taxpayers of this state; and that this act should become effective
22 immediately upon passage. Therefore, an emergency is hereby declared to exist
23 and this Act being necessary for the preservation of the public peace, health
24 and safety shall be in full force and effect from and after its passage and
25 approval.

26

/s/ Ernest Cunningham et al

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APPROVED: 2-11-91

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