

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

As Engrossed: S1/19/17

A Bill

SENATE BILL 115

5 By: Senators J. Hendren, Hester, *Bledsoe, E. Cheatham, J. Dismang, L. Eads, J. English, Files, S.*
6 *Flowers, T. Garner, J. Hutchinson, Irvin, B. Johnson, Rapert, B. Sample, D. Sanders, Teague, D.*
7 *Wallace, E. Williams*
8 By: Representatives Pitsch, Collins, Davis, Dotson
9

For An Act To Be Entitled

11 AN ACT TO CREATE THE TAX REFORM AND RELIEF ACT OF
12 2017; TO AMEND THE INCOME TAX RATES APPLICABLE TO
13 INDIVIDUALS, TRUSTS, AND ESTATES; TO CREATE THE
14 ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK
15 FORCE; TO DECLARE AN EMERGENCY; AND FOR OTHER
16 PURPOSES.
17
18

Subtitle

19 TO CREATE THE TAX REFORM AND RELIEF ACT
20 OF 2017; AND TO DECLARE AN EMERGENCY.
21
22
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. DO NOT CODIFY. This act shall be known and may be cited as
27 the "Tax Reform and Relief Act of 2017".
28

29 SECTION 2. Arkansas Code § 26-51-201(a)(7) and (8), concerning the
30 income tax imposed on individuals, trusts, and estates, is amended to read as
31 follows:

32 (7) ~~For tax years beginning on and after January 1, 2016, every~~
33 Every resident, individual, trust, or estate having net income greater than
34 or equal to twenty-one thousand dollars (\$21,000), but less than or equal to
35 seventy-five thousand dollars (\$75,000), shall determine the amount of income
36 tax due under this subsection in accordance with the table set forth below:



| | From | Less Than or Equal To | Rate |
|---|----------|-----------------------|------------------------------|
| 2 | \$0 | \$4,299 | 0.9% <u>0.75%</u> |
| 3 | \$4,300 | \$8,399 | 2.5% |
| 4 | \$8,400 | \$12,599 | 3.5% |
| 5 | \$12,600 | \$20,999 | 4.5% |
| 6 | \$21,000 | \$35,099 | 5% |
| 7 | \$35,100 | \$75,000 | 6% |

8 (8) ~~For tax years beginning on and after January 1, 2015, every~~
9 Every resident, individual, trust, or estate having net income of less than
10 twenty-one thousand dollars (\$21,000) shall determine the amount of income
11 tax due under this subsection in accordance with the table set forth below:

| | From | Less Than or Equal To | Rate |
|----|----------|-----------------------|-----------------------------|
| 13 | \$0 | \$4,299 | 0.9% <u>0%</u> |
| 14 | \$4,300 | \$8,399 | 2.4% <u>2%</u> |
| 15 | \$8,400 | \$12,599 | 3.4% <u>3%</u> |
| 16 | \$12,600 | \$20,999 | 4.4% <u>3.4%</u> |

18 SECTION 3. TEMPORARY LANGUAGE. DO NOT CODIFY. Arkansas Tax Reform
19 and Relief Legislative Task Force – Creation – Membership – Duties.

20 (a) There is created the Arkansas Tax Reform and Relief Legislative
21 Task Force.

22 (b)(1) The task force shall consist of the following sixteen (16)
23 members of the General Assembly:

24 (A) The President Pro Tempore of the Senate, or his or her
25 designee who is a member of the Senate;

26 (B) Five (5) members of the Senate appointed by the
27 President Pro Tempore of the Senate;

28 (C) The Senate Majority Leader, or his or her designee who
29 is a member of the Senate;

30 (D) The Senate Minority Leader, or his or her designee who
31 is a member of the Senate;

32 (E) The Speaker of the House of Representatives, or his or
33 her designee who is a member of the House of Representatives;

34 (F) Five (5) members of the House of Representatives
35 appointed by the Speaker of the House of Representatives;

36 (G) The House Majority Leader, or his or her designee who

1 is a member of the House of Representatives; and

2 (H) The House Minority Leader, or his or her designee who
3 is a member of the House of Representatives.

4 (2) If a vacancy occurs on the task force, the vacancy shall be
5 filled by the same process as the original appointment.

6 (3) The members of the task force shall be paid per diem and
7 mileage as authorized by law for attendance at meetings of interim committees
8 of the General Assembly.

9 (c)(1) The Speaker of the House of Representatives shall call the
10 first meeting of the task force within thirty (30) days of sine die
11 adjournment of the 2017 regular session.

12 (2) The Speaker of the House of Representatives shall designate
13 a member of the task force to serve as chair of the first meeting of the task
14 force.

15 (3) At the first meeting of the task force, the members of the
16 task force shall elect from its membership a chair or co-chairs and other
17 officers as needed for the transaction of its business.

18 (4)(A) The task force shall conduct its meetings in Pulaski
19 County at the State Capitol or another site with teleconferencing
20 capabilities.

21 (B) Meetings of the task force shall be held at least one
22 (1) time every two (2) months but may occur more often at the call of the
23 chair.

24 (5) The task force shall establish rules and procedures for
25 conducting its business.

26 (6)(A) A majority of the members of the task force shall
27 constitute a quorum for transacting business of the task force.

28 (B) An affirmative vote of a majority of a quorum present
29 shall be required for the passage of a motion or other task force action.

30 (7) The Bureau of Legislative Research shall provide staff for
31 the task force.

32 (d)(1) The purpose of the task force is to examine and identify areas
33 of potential reform within the tax laws of the State of Arkansas and to
34 recommend legislation to the General Assembly for consideration during the
35 2019 regular session in order to:

36 (A) Modernize and simplify the Arkansas tax code;

1 (B) Make the Arkansas tax laws competitive with other
2 states in order to attract businesses to the state;

3 (C) Create jobs for Arkansans; and

4 (D) Ensure fairness to all individuals and entities
5 impacted by the tax laws of the State of Arkansas.

6 (2) If the task force determines it is necessary, it may
7 contract with one (1) or more outside consultants to assist the task force
8 with its study.

9 (3)(A) On or before December 1, 2017, the task force shall file
10 with the Governor, the Speaker of the House of Representatives, and the
11 President Pro Tempore of the Senate a written preliminary report of the task
12 force's activities, findings, and recommendations.

13 (B) The task force shall file with the Governor, the
14 Speaker of the House of Representatives, and the President Pro Tempore of the
15 Senate a final written report on or before September 1, 2018.

16 (e) The task force shall expire on December 31, 2018.

17
18 SECTION 4. EFFECTIVE DATE. Section 2 of this act is effective for tax
19 years beginning on and after January 1, 2019.

20
21 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
22 General Assembly of the State of Arkansas that income tax rates for Arkansas
23 residents are too high in comparison to the income tax rates in surrounding
24 states; that these burdensome income tax rates prevent Arkansas from being
25 competitive with surrounding states in the region; and that this act is
26 immediately necessary because it is in the best interests of the state to
27 increase Arkansas's ability to compete in the region by dedicating as much
28 funding as is economically possible and prudent to relieve the income tax
29 burden suffered by lower income taxpayers in the state. Therefore, an
30 emergency is declared to exist, and this act being immediately necessary for
31 the preservation of the public peace, health, and safety shall become
32 effective on:

33 (1) The date of its approval by the Governor;

34 (2) If the bill is neither approved nor vetoed by the Governor,
35 the expiration of the period of time during which the Governor may veto the
36 bill; or

1 (3) If the bill is vetoed by the Governor and the veto is
2 overridden, the date the last house overrides the veto.

3
4 */s/J. Hendren*

5
6
7 **APPROVED: 02/01/2017**
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36