

1 .State of Arkansas
2 93rd General Assembly
3 Third Extraordinary Session, 2022
4

Call Item 1

A Bill

HOUSE BILL 1002

5 By: Representatives Jett, Shepherd, Jean, Richmond, M. Berry, Boyd, Bryant, Cloud, Haak, Rye, B.
6 Smith, Evans, M. Gray, Vaught, Warren, Ray, Wooten, Milligan, Cozart, Crawford, Eaves, Hillman, C.
7 Cooper, Brown, Bragg, L. Fite, McClure, Dotson, Wing, Coleman, Pilkington, Hollowell, Maddox, Slape,
8 Lundstrum, Brooks, Underwood, McGrew, Beaty Jr., Bentley, Speaks, Lowery, Lynch, Dalby, Watson, S.
9 Smith, Breaux, Payton, J. Mayberry, S. Berry, McCollum, Tosh
10 By: Senators J. Dismang, Beckham, Bledsoe, Caldwell, J. English, Flippo, Fulfer, Gilmore, B. Johnson,
11 M. Johnson, K. Hammer, Hester, Hickey, Hill, Irvin, M. Pitsch, Rapert, Rice, B. Sample, G. Stubblefield,
12 J. Sturch, D. Sullivan, D. Wallace
13

For An Act To Be Entitled

15 AN ACT TO REDUCE ARKANSAS INCOME TAXES; TO ACCELERATE
16 FUTURE REDUCTIONS IN ARKANSAS INCOME TAXES; TO ADOPT
17 FEDERAL LAW REGARDING DEPRECIATION AND EXPENSING OF
18 PROPERTY; TO CREATE AN INFLATIONARY RELIEF INCOME-TAX
19 CREDIT FOR CERTAIN TAXPAYERS; TO DECLARE AN
20 EMERGENCY; AND FOR OTHER PURPOSES.
21
22

Subtitle

24 TO REDUCE ARKANSAS INCOME TAXES; TO ADOPT
25 FEDERAL LAW ON DEPRECIATION AND EXPENSING
26 OF PROPERTY; TO CREATE AN INCOME-TAX
27 CREDIT FOR CERTAIN TAXPAYERS; AND TO
28 DECLARE AN EMERGENCY.
29
30

31 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
32

33 SECTION 1. Arkansas Code § 26-51-201(a), as amended by Act 2 of 2021,
34 Second Extraordinary Session, concerning the rate of tax levied on the income
35 of individuals, trusts, and estates, is amended to read as follows:

36 (a) A tax is imposed upon the entire income of every resident,



1 individual, trust, or estate. The tax shall be levied, collected, and paid
 2 annually upon the entire net income as defined and computed in this chapter
 3 at the following rates, giving effect to the tax credits provided hereafter,
 4 in the manner set forth:

5 (1)(A) ~~On and after January 1, 2022, every~~ Every resident,
 6 individual, trust, or estate having net income less than or equal to eighty-
 7 four thousand five hundred dollars (\$84,500) shall determine the amount of
 8 income tax due under this subsection in accordance with the table set forth
 9 below:

10 From	Less Than or Equal To	Rate
11 \$0	\$4,999	0%
12 \$5,000	\$9,999	2%
13 \$10,000	\$14,299	3%
14 \$14,300	\$23,599	3.4%
15 \$23,600	\$39,699 <u>\$84,500</u>	5% <u>4.9%</u>
16 \$39,700	\$84,500	5.5%

17
 18 (B) ~~On and after January 1, 2022, every~~ Every resident,
 19 individual, trust, or estate having net income greater than eighty-four
 20 thousand five hundred dollars (\$84,500) shall determine the amount of income
 21 tax due under this subsection in accordance with the table set forth below:

22 From	Less Than or Equal To	Rate
24 \$0	\$4,300	2%
25 \$4,301	\$8,500	4%
26 \$8,501 and above		5.5% <u>4.9%</u>

27
 28 (C) ~~For tax years beginning on or after January 1, 2022,~~
 29 ~~every~~ Every resident, individual, trust, or estate having net income greater
 30 than or equal to eighty-four thousand five hundred one dollars (\$84,501) but
 31 not greater than ~~ninety thousand six hundred dollars (\$90,600)~~ eighty-nine
 32 thousand one hundred dollars (\$89,100) shall reduce the amount of income tax
 33 due as determined under subdivision (a)(1)(B) of this section by deducting a
 34 bracket adjustment amount in accordance with the table set forth below:

35 From	Less Than or Equal To	Bracket Adjustment
36		

			Amount
1			
2			
3	\$84,501	\$84,600	\$610 <u>\$460</u>
4	\$84,601	\$84,700	\$600 <u>\$450</u>
5	\$84,701	\$84,800	\$590 <u>\$440</u>
6	\$84,801	\$84,900	\$580 <u>\$430</u>
7	\$84,901	\$85,000	\$570 <u>\$420</u>
8	\$85,001	\$85,100	\$560 <u>\$410</u>
9	\$85,101	\$85,200	\$550 <u>\$400</u>
10	\$85,201	\$85,300	\$540 <u>\$390</u>
11	\$85,301	\$85,400	\$530 <u>\$380</u>
12	\$85,401	\$85,500	\$520 <u>\$370</u>
13	\$85,501	\$85,600	\$510 <u>\$360</u>
14	\$85,601	\$85,700	\$500 <u>\$350</u>
15	\$85,701	\$85,800	\$490 <u>\$340</u>
16	\$85,801	\$85,900	\$480 <u>\$330</u>
17	\$85,901	\$86,000	\$470 <u>\$320</u>
18	\$86,001	\$86,100	\$460 <u>\$310</u>
19	\$86,101	\$86,200	\$450 <u>\$300</u>
20	\$86,201	\$86,300	\$440 <u>\$290</u>
21	\$86,301	\$86,400	\$430 <u>\$280</u>
22	\$86,401	\$86,500	\$420 <u>\$270</u>
23	\$86,501	\$86,600	\$410 <u>\$260</u>
24	\$86,601	\$86,700	\$400 <u>\$250</u>
25	\$86,701	\$86,800	\$390 <u>\$240</u>
26	\$86,801	\$86,900	\$380 <u>\$230</u>
27	\$86,901	\$87,000	\$370 <u>\$220</u>
28	\$87,001	\$87,100	\$360 <u>\$210</u>
29	\$87,101	\$87,200	\$350 <u>\$200</u>
30	\$87,201	\$87,300	\$340 <u>\$190</u>
31	\$87,301	\$87,400	\$330 <u>\$180</u>
32	\$87,401	\$87,500	\$320 <u>\$170</u>
33	\$87,501	\$87,600	\$310 <u>\$160</u>
34	\$87,601	\$87,700	\$300 <u>\$150</u>
35	\$87,701	\$87,800	\$290 <u>\$140</u>
36	\$87,801	\$87,900	\$280 <u>\$130</u>

1	\$87,901	\$88,000	\$270	<u>\$120</u>
2	\$88,001	\$88,100	\$260	<u>\$110</u>
3	\$88,101	\$88,200	\$250	<u>\$100</u>
4	\$88,201	\$88,300	\$240	<u>\$90</u>
5	\$88,301	\$88,400	\$230	<u>\$80</u>
6	\$88,401	\$88,500	\$220	<u>\$70</u>
7	\$88,501	\$88,600	\$210	<u>\$60</u>
8	\$88,601	\$88,700	\$200	<u>\$50</u>
9	\$88,701	\$88,800	\$190	<u>\$40</u>
10	\$88,801	\$88,900	\$180	<u>\$30</u>
11	\$88,901	\$89,000	\$170	<u>\$20</u>
12	\$89,001	\$89,100	\$160	<u>\$10</u>
13	\$89,101 <u>and up</u>		\$150	<u>\$0</u>
14	\$89,201	\$89,300	\$140	
15	\$89,301	\$89,400	\$130	
16	\$89,401	\$89,500	\$120	
17	\$89,501	\$89,600	\$110	
18	\$89,601	\$89,700	\$100	
19	\$89,701	\$89,800	\$90	
20	\$89,801	\$89,900	\$80	
21	\$89,901	\$90,000	\$70	
22	\$90,001	\$90,100	\$60	
23	\$90,101	\$90,200	\$50	
24	\$90,201	\$90,300	\$40	
25	\$90,301	\$90,400	\$30	
26	\$90,401	\$90,500	\$20	
27	\$90,501	\$90,600	\$10	
28	\$90,601 and up		\$0	

29

30 ~~(2)(A) On and after January 1, 2023, every resident, individual,~~
 31 ~~trust, or estate having net income less than or equal to eighty four thousand~~
 32 ~~five hundred dollars (\$84,500) shall determine the amount of income tax due~~
 33 ~~under this subsection in accordance with the table set forth below:~~

34	From	Less Than or Equal To	Rate
35			
36	\$0	\$4,999	0%

1	\$5,000	\$9,999	2%
2	\$10,000	\$14,299	3%
3	\$14,300	\$23,599	3.4%
4	\$23,600	\$39,699	5%
5	\$39,700	\$84,500	5.3%

6
 7 ~~(B) On and after January 1, 2023, every resident,~~
 8 ~~individual, trust, or estate having net income greater than eighty four~~
 9 ~~thousand five hundred dollars (\$84,500) shall determine the amount of income~~
 10 ~~tax due under this subsection in accordance with the table set forth below:~~

11	From	Less Than or Equal To	Rate
12			
13	\$0	\$4,300	2%
14	\$4,301	\$8,500	4%
15	\$8,501 and above		5.3%

16
 17 ~~(C) For tax years beginning on or after January 1, 2023,~~
 18 ~~every resident, individual, trust, or estate having net income greater than~~
 19 ~~or equal to eighty four thousand five hundred one dollars (\$84,501) but not~~
 20 ~~greater than ninety thousand dollars (\$90,000) shall reduce the amount of~~
 21 ~~income tax due as determined under subdivision (a)(2)(B) of this section by~~
 22 ~~deducting a bracket adjustment amount in accordance with the table set forth~~
 23 ~~below:~~

24	From	Less Than or Equal To	Bracket
25			Adjustment
26			Amount
27			
28	\$84,501	\$84,600	\$548
29	\$84,601	\$84,700	\$538
30	\$84,701	\$84,800	\$528
31	\$84,801	\$84,900	\$518
32	\$84,901	\$85,000	\$508
33	\$85,001	\$85,100	\$498
34	\$85,101	\$85,200	\$488
35	\$85,201	\$85,300	\$478
36	\$85,301	\$85,400	\$468

1	\$85,401	\$85,500	\$458
2	\$85,501	\$85,600	\$448
3	\$85,601	\$85,700	\$438
4	\$85,701	\$85,800	\$428
5	\$85,801	\$85,900	\$418
6	\$85,901	\$86,000	\$408
7	\$86,001	\$86,100	\$398
8	\$86,101	\$86,200	\$388
9	\$86,201	\$86,300	\$378
10	\$86,301	\$86,400	\$368
11	\$86,401	\$86,500	\$358
12	\$86,501	\$86,600	\$348
13	\$86,601	\$86,700	\$338
14	\$86,701	\$86,800	\$328
15	\$86,801	\$86,900	\$318
16	\$86,901	\$87,000	\$308
17	\$87,001	\$87,100	\$298
18	\$87,101	\$87,200	\$288
19	\$87,201	\$87,300	\$278
20	\$87,301	\$87,400	\$268
21	\$87,401	\$87,500	\$258
22	\$87,501	\$87,600	\$248
23	\$87,601	\$87,700	\$238
24	\$87,701	\$87,800	\$228
25	\$87,801	\$87,900	\$218
26	\$87,901	\$88,000	\$208
27	\$88,001	\$88,100	\$198
28	\$88,101	\$88,200	\$188
29	\$88,201	\$88,300	\$178
30	\$88,301	\$88,400	\$168
31	\$88,401	\$88,500	\$158
32	\$88,501	\$88,600	\$148
33	\$88,601	\$88,700	\$138
34	\$88,701	\$88,800	\$128
35	\$88,801	\$88,900	\$118
36	\$88,901	\$89,000	\$108

1	\$89,001	\$89,100	\$98
2	\$89,101	\$89,200	\$88
3	\$89,201	\$89,300	\$78
4	\$89,301	\$89,400	\$68
5	\$89,401	\$89,500	\$58
6	\$89,501	\$89,600	\$48
7	\$89,601	\$89,700	\$38
8	\$89,701	\$89,800	\$28
9	\$89,801	\$89,900	\$18
10	\$89,901	\$90,000	\$8
11	\$90,001 and up		\$0

12

13 ~~(3)(A) On and after January 1, 2024, every resident, individual,~~
 14 ~~trust, or estate having net income less than or equal to eighty-four thousand~~
 15 ~~five hundred dollars (\$84,500) shall determine the amount of income tax due~~
 16 ~~under this subsection in accordance with the table set forth below:~~

17	From	Less Than or Equal To	Rate
18			
19	\$0	\$4,999	0%
20	\$5,000	\$9,999	2%
21	\$10,000	\$14,299	3%
22	\$14,300	\$23,599	3.4%
23	\$23,600	\$39,699	5%
24	\$39,700	\$84,500	5.1%

25

26 ~~(B) On and after January 1, 2024, every resident,~~
 27 ~~individual, trust, or estate having net income greater than eighty-four~~
 28 ~~thousand five hundred dollars (\$84,500) shall determine the amount of income~~
 29 ~~tax due under this subsection in accordance with the table set forth below:~~

30	From	Less Than or Equal To	Rate
31			
32	\$0	\$4,300	2%
33	\$4,301	\$8,500	4%
34	\$8,501 and above		5.1%

35

36 ~~(C) For tax years beginning on or after January 1, 2024,~~

1 every resident, individual, trust, or estate having net income greater than
 2 or equal to eighty four thousand five hundred one dollars (\$84,501) but not
 3 greater than eighty nine thousand four hundred dollars (\$89,400) shall reduce
 4 the amount of income tax due as determined under subdivision (a)(3)(B) of
 5 this section by deducting a bracket adjustment amount in accordance with the
 6 table set forth below:

7 From	Less Than or Equal To	Bracket Adjustment Amount
11 \$84,501	\$84,600	\$485
12 \$84,601	\$84,700	\$475
13 \$84,701	\$84,800	\$465
14 \$84,801	\$84,900	\$455
15 \$84,901	\$85,000	\$445
16 \$85,001	\$85,100	\$435
17 \$85,101	\$85,200	\$425
18 \$85,201	\$85,300	\$415
19 \$85,301	\$85,400	\$405
20 \$85,401	\$85,500	\$395
21 \$85,501	\$85,600	\$385
22 \$85,601	\$85,700	\$375
23 \$85,701	\$85,800	\$365
24 \$85,801	\$85,900	\$355
25 \$85,901	\$86,000	\$345
26 \$86,001	\$86,100	\$335
27 \$86,101	\$86,200	\$325
28 \$86,201	\$86,300	\$315
29 \$86,301	\$86,400	\$305
30 \$86,401	\$86,500	\$295
31 \$86,501	\$86,600	\$285
32 \$86,601	\$86,700	\$275
33 \$86,701	\$86,800	\$265
34 \$86,801	\$86,900	\$255
35 \$86,901	\$87,000	\$245
36 \$87,001	\$87,100	\$235

1	\$87,101	\$87,200	\$225
2	\$87,201	\$87,300	\$215
3	\$87,301	\$87,400	\$205
4	\$87,401	\$87,500	\$195
5	\$87,501	\$87,600	\$185
6	\$87,601	\$87,700	\$175
7	\$87,701	\$87,800	\$165
8	\$87,801	\$87,900	\$155
9	\$87,901	\$88,000	\$145
10	\$88,001	\$88,100	\$135
11	\$88,101	\$88,200	\$125
12	\$88,201	\$88,300	\$115
13	\$88,301	\$88,400	\$105
14	\$88,401	\$88,500	\$95
15	\$88,501	\$88,600	\$85
16	\$88,601	\$88,700	\$75
17	\$88,701	\$88,800	\$65
18	\$88,801	\$88,900	\$55
19	\$88,901	\$89,000	\$45
20	\$89,001	\$89,100	\$35
21	\$89,101	\$89,200	\$25
22	\$89,201	\$89,300	\$15
23	\$89,301	\$89,400	\$5
24	\$89,401 and up		\$0

25

26 ~~(D) If, on or after July 1, 2022, but before January 1,~~
 27 ~~2024, funds are transferred from the Catastrophic Reserve Fund, then:~~

28 ~~(i) Subdivisions (a)(3)(A)-(C) and (a)(4)(A)-(C) of~~
 29 ~~this section shall not take effect; and~~

30 ~~(ii) For tax years beginning on and after January 1,~~
 31 ~~2024, every resident, individual, trust, or estate shall determine the amount~~
 32 ~~of income tax due under this subsection in accordance with the tables set~~
 33 ~~forth in subdivision (a)(2) of this section.~~

34 ~~(4)(A) On and after January 1, 2025, every resident, individual,~~
 35 ~~trust, or estate having net income less than or equal to eighty four thousand~~
 36 ~~five hundred dollars (\$84,500) shall determine the amount of income tax due~~

1 ~~under this subsection in accordance with the table set forth below:~~

2 From	Less Than or Equal To	Rate
3		
4 \$0	\$4,999	0%
5 \$5,000	\$9,999	2%
6 \$10,000	\$14,299	3%
7 \$14,300	\$23,599	3.4%
8 \$23,600	\$84,500	4.9%

9

10 ~~(B) On and after January 1, 2025, every resident,~~
 11 ~~individual, trust, or estate having net income greater than eighty-four~~
 12 ~~thousand five hundred dollars (\$84,500) shall determine the amount of income~~
 13 ~~tax due under this subsection in accordance with the table set forth below:~~

14 From	Less Than or Equal To	Rate
15		
16 \$0	\$4,300	2%
17 \$4,301	\$8,500	4%
18 \$8,501 and above		4.9%

19

20 ~~(C) For tax years beginning on or after January 1, 2025,~~
 21 ~~every resident, individual, trust, or estate having net income greater than~~
 22 ~~or equal to eighty four thousand five hundred one dollars (\$84,501) but not~~
 23 ~~greater than eighty eight thousand nine hundred dollars (\$88,900) shall~~
 24 ~~reduce the amount of income tax due as determined under subdivision (a)(4)(B)~~
 25 ~~of this section by deducting a bracket adjustment amount in accordance with~~
 26 ~~the table set forth below:~~

27 From	Less Than or Equal To	Bracket Adjustment Amount
28		
29		
30		
31 \$84,501	\$84,600	\$439
32 \$84,601	\$84,700	\$429
33 \$84,701	\$84,800	\$419
34 \$84,801	\$84,900	\$409
35 \$84,901	\$85,000	\$399
36 \$85,001	\$85,100	\$389

1	\$85,101	\$85,200	\$379
2	\$85,201	\$85,300	\$369
3	\$85,301	\$85,400	\$359
4	\$85,401	\$85,500	\$349
5	\$85,501	\$85,600	\$339
6	\$85,601	\$85,700	\$329
7	\$85,701	\$85,800	\$319
8	\$85,801	\$85,900	\$309
9	\$85,901	\$86,000	\$299
10	\$86,001	\$86,100	\$289
11	\$86,101	\$86,200	\$279
12	\$86,201	\$86,300	\$269
13	\$86,301	\$86,400	\$259
14	\$86,401	\$86,500	\$249
15	\$86,501	\$86,600	\$239
16	\$86,601	\$86,700	\$229
17	\$86,701	\$86,800	\$219
18	\$86,801	\$86,900	\$209
19	\$86,901	\$87,000	\$199
20	\$87,001	\$87,100	\$189
21	\$87,101	\$87,200	\$179
22	\$87,201	\$87,300	\$169
23	\$87,301	\$87,400	\$159
24	\$87,401	\$87,500	\$149
25	\$87,501	\$87,600	\$139
26	\$87,601	\$87,700	\$129
27	\$87,701	\$87,800	\$119
28	\$87,801	\$87,900	\$109
29	\$87,901	\$88,000	\$99
30	\$88,001	\$88,100	\$89
31	\$88,101	\$88,200	\$79
32	\$88,201	\$88,300	\$69
33	\$88,301	\$88,400	\$59
34	\$88,401	\$88,500	\$49
35	\$88,501	\$88,600	\$39
36	\$88,601	\$88,700	\$29

1	\$88,701	\$88,800	\$19
2	\$88,801	\$88,900	\$9
3	\$88,901 and up		\$0

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~~(D) If, during the 2024 calendar year, funds are transferred from the Catastrophic Reserve Fund, then:~~

~~(i) Subdivisions (a)(4)(A)-(C) of this section shall not take effect; and~~

~~(ii) For tax years beginning on and after January 1, 2025, every resident, individual, trust, or estate shall determine the amount of income tax due under this subsection in accordance with the tables set forth in subdivision (a)(3) of this section.~~

~~(5)(2) The tables set forth in subdivisions subdivision (a)(1)-(4) of this section shall be adjusted annually in accordance with the method set forth in subsection (d) of this section.~~

SECTION 2. Arkansas Code § 26-51-205(a)(4)-(6), as amended by Act 2 of 2021, Second Extraordinary Session, concerning the rate of tax levied on corporations organized under the laws of this state, are amended to read as follows:

(4) For tax years beginning on or after January 1, 2023, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state, received by the corporation during the income year, on the following basis:

~~(A) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);~~

~~(B) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);~~

~~(C) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);~~

~~(D) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and~~

~~(E) On net income exceeding twenty five thousand dollars (\$25,000), five and seven tenths percent (5.7%).~~

~~(5)(A) Except as provided in subdivision (a)(5)(B) of this~~

1 section, for tax years beginning on or after January 1, 2024, every
 2 corporation organized under the laws of this state shall pay annually an
 3 income tax with respect to carrying on or doing business on the entire net
 4 income of the corporation, as now defined by the laws of this state, received
 5 by the corporation during the income year, on the following basis:

6 (i) On the first three thousand dollars (\$3,000) of
 7 net income or any part thereof, one percent (1%);

8 (ii) On the next three thousand dollars (\$3,000) of
 9 net income or any part thereof, two percent (2%);

10 (iii) On the next five thousand dollars (\$5,000) of
 11 net income or any part thereof, three percent (3%);

12 (iv) On the next fourteen thousand dollars (\$14,000)
 13 of net income or any part thereof, five percent (5%); and

14 (v) On net income exceeding twenty-five thousand
 15 dollars (\$25,000), five and five-tenths percent (5.5%).

16 (B) If, on or after July 1, 2022, but before January 1,
 17 2024, funds are transferred from the Catastrophic Reserve Fund, then:

18 (i) Subdivisions (a)(5)(A) and (a)(6)(A) of this
 19 section shall not take effect; and

20 (ii) For tax years beginning on and after January 1,
 21 2024, every corporation organized under the laws of this state shall pay
 22 annually an income tax with respect to carrying on or doing business on the
 23 entire net income of the corporation, as now defined by the laws of this
 24 state, received by the corporation during the income year as provided under
 25 subdivision (a)(4) of this section.

26 (6)(A) Except as provided in subdivisions (a)(5)(B) and
 27 (a)(6)(B) of this section, for tax years beginning on or after January 1,
 28 2025, every corporation organized under the laws of this state shall pay
 29 annually an income tax with respect to carrying on or doing business on the
 30 entire net income of the corporation, as now defined by the laws of this
 31 state, received by the corporation during the income year, on the following
 32 basis:

33 (i)(A) On the first three thousand dollars (\$3,000) of net
 34 income or any part thereof, one percent (1%);

35 (ii)(B) On the next three thousand dollars (\$3,000) of net
 36 income or any part thereof, two percent (2%);

1 ~~(iii)~~(C) On the next five thousand dollars (\$5,000) of net
 2 income or any part thereof, three percent (3%);

3 ~~(iv)~~(D) On the next fourteen thousand dollars (\$14,000) of net
 4 income or any part thereof, five percent (5%); and

5 ~~(v)~~(E) On net income exceeding twenty-five thousand
 6 dollars (\$25,000), five and three-tenths percent (5.3%).

7 ~~(B) If subdivision (a)(5)(A) of this section takes effect~~
 8 ~~and funds are transferred from the Catastrophic Reserve Fund during calendar~~
 9 ~~year 2024, then:~~

10 ~~(i) Subdivision (a)(6)(A) of this section shall not~~
 11 ~~take effect; and~~

12 ~~(ii) For tax years beginning on and after January 1,~~
 13 ~~2025, every corporation organized under the laws of this state shall pay~~
 14 ~~annually an income tax with respect to carrying on or doing business on the~~
 15 ~~entire net income of the corporation, as now defined by the laws of this~~
 16 ~~state received by the corporation during the income year as provided under~~
 17 ~~subdivision (a)(5) of this section.~~

18
 19 SECTION 3. Arkansas Code § 26-51-205(b)(4)-(6), as amended by Act 2 of
 20 2021, Second Extraordinary Session, concerning the rate of tax levied on
 21 foreign corporations doing business in this state, are amended to read as
 22 follows:

23 (4) For tax years beginning on or after January 1, 2023, every
 24 foreign corporation doing business within the jurisdiction of this state
 25 shall pay annually an income tax on the proportion of its entire net income
 26 as now defined by the income tax laws of this state, on the following basis:

27 ~~(A) On the first three thousand dollars (\$3,000) of~~
 28 ~~net income or any part thereof, one percent (1%);~~

29 ~~(B) On the next three thousand dollars (\$3,000) of~~
 30 ~~net income or any part thereof, two percent (2%);~~

31 ~~(C) On the next five thousand dollars (\$5,000) of~~
 32 ~~net income or any part thereof, three percent (3%);~~

33 ~~(D) On the next fourteen thousand dollars (\$14,000)~~
 34 ~~of net income or any part thereof, five percent (5%); and~~

35 ~~(E) On net income exceeding twenty five thousand~~
 36 ~~dollars (\$25,000), five and seven tenths percent (5.7%).~~

1 ~~(5)(A) Except as provided in subdivision (b)(5)(B) of this~~
 2 ~~section, for tax years beginning on or after January 1, 2024, every foreign~~
 3 ~~corporation doing business within the jurisdiction of this state shall pay~~
 4 ~~annually an income tax on the proportion of its entire net income, as now~~
 5 ~~defined by the income tax laws of this state, on the following basis:~~

6 ~~(i) On the first three thousand dollars (\$3,000) of~~
 7 ~~net income or any part thereof, one percent (1%);~~

8 ~~(ii) On the next three thousand dollars (\$3,000) of~~
 9 ~~net income or any part thereof, two percent (2%);~~

10 ~~(iii) On the next five thousand dollars (\$5,000) of~~
 11 ~~net income or any part thereof, three percent (3%);~~

12 ~~(iv) On the next fourteen thousand dollars (\$14,000)~~
 13 ~~of net income or any part thereof, five percent (5%); and~~

14 ~~(v) On net income exceeding twenty-five thousand~~
 15 ~~dollars (\$25,000), five and five-tenths percent (5.5%).~~

16 ~~(B) If, on or after July 1, 2022, but before January 1,~~
 17 ~~2024, funds are transferred from the Catastrophic Reserve Fund, then:~~

18 ~~(i) Subdivisions (b)(5)(A) and (b)(6)(A) of this~~
 19 ~~section shall not take effect; and~~

20 ~~(ii) For tax years beginning on and after January 1,~~
 21 ~~2024, every corporation organized under the laws of this state shall pay~~
 22 ~~annually an income tax with respect to carrying on or doing business on the~~
 23 ~~entire net income of the corporation, as now defined by the laws of this~~
 24 ~~state, received by the corporation during the income year as provided under~~
 25 ~~subdivision (b)(4) of this section.~~

26 ~~(6)(A) Except as provided in subdivisions (b)(5)(B) and~~
 27 ~~(b)(6)(B) of this section, for tax years beginning on or after January 1,~~
 28 ~~2025, every corporation organized under the laws of this state shall pay~~
 29 ~~annually an income tax with respect to carrying on or doing business on the~~
 30 ~~entire net income of the corporation, as now defined by the laws of this~~
 31 ~~state, received by the corporation during the income year, on the following~~
 32 ~~basis:~~

33 ~~(i)(A) On the first three thousand dollars (\$3,000) of net~~
 34 ~~income or any part thereof, one percent (1%);~~

35 ~~(ii)(B) On the next three thousand dollars (\$3,000) of net~~
 36 ~~income or any part thereof, two percent (2%);~~

- ~~(1) Section 26-51-201(a)(3);~~
- ~~(2) Section 26-51-205(a)(5); and~~
- ~~(3) Section 26-51-205(b)(5).~~

~~(b) By January 5, 2025, the Secretary of the Department of Finance and Administration shall notify the public and the Bureau of Legislative Research about whether or not the following have taken effect:~~

- ~~(1) Section 26-51-201(a)(4);~~
- ~~(2) Section 26-51-205(a)(6); and~~
- ~~(3) Section 26-51-205(b)(6).~~

~~(c) Section 5 of this act does not affect any taxpayer's obligations under § 26-51-201 that were incurred before January 1, 2022.~~

SECTION 6. DO NOT CODIFY. TEMPORARY LANGUAGE. Inflationary relief income-tax credit.

(a) As used in this section, "resident" means natural persons and includes, for the purpose of determining liability for the tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., upon or with reference to the income of any taxable year, any person domiciled in the State of Arkansas and any other person who maintains a permanent place of abode within this state and spends in the aggregate more than six (6) months of the taxable year within this state.

(b)(1)(A) For the tax year beginning January 1, 2022, a resident individual taxpayer who files an Arkansas full-year resident income-tax return, other than a joint return, having net income up to one hundred one thousand dollars (\$101,000) is allowed an income-tax credit against the individual income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., in accordance with the following table:

<u>From</u>	<u>Less Than or Equal to</u>	<u>Credit Amount</u>
<u>\$1</u>	<u>\$87,000</u>	<u>\$150</u>
<u>\$87,001</u>	<u>\$88,000</u>	<u>\$140</u>
<u>\$88,001</u>	<u>\$89,000</u>	<u>\$130</u>
<u>\$89,001</u>	<u>\$90,000</u>	<u>\$120</u>
<u>\$90,001</u>	<u>\$91,000</u>	<u>\$110</u>
<u>\$91,001</u>	<u>\$92,000</u>	<u>\$100</u>
<u>\$92,001</u>	<u>\$93,000</u>	<u>\$90</u>
<u>\$93,001</u>	<u>\$94,000</u>	<u>\$80</u>

1	<u>\$94,001</u>	<u>\$95,000</u>	<u>\$70</u>
2	<u>\$95,001</u>	<u>\$96,000</u>	<u>\$60</u>
3	<u>\$96,001</u>	<u>\$97,000</u>	<u>\$50</u>
4	<u>\$97,001</u>	<u>\$98,000</u>	<u>\$40</u>
5	<u>\$98,001</u>	<u>\$99,000</u>	<u>\$30</u>
6	<u>\$99,001</u>	<u>\$100,000</u>	<u>\$20</u>
7	<u>\$100,001</u>	<u>\$101,000</u>	<u>\$10</u>
8	<u>\$101,001 and up</u>		<u>\$0</u>

9

10 (B) Spouses filing separately on the same income-tax
 11 return may each claim one (1) credit under subdivision (b)(1)(A) of this
 12 section against the tax on the return of each spouse.

13 (2)(A) For the tax year beginning January 1, 2022, resident
 14 individual taxpayers who file a joint Arkansas full year resident income-tax
 15 return having net income up to two hundred two thousand dollars (\$202,000)
 16 are allowed an income tax credit against the individual income tax imposed by
 17 the Income Tax Act of 1929, § 26-51-101 et seq., in accordance with the
 18 following table:

19	<u>From</u>	<u>Less Than or Equal to</u>	<u>Credit Amount</u>
20	<u>\$1</u>	<u>\$174,000</u>	<u>\$300</u>
21	<u>\$174,001</u>	<u>\$176,000</u>	<u>\$280</u>
22	<u>\$176,001</u>	<u>\$178,000</u>	<u>\$260</u>
23	<u>\$178,001</u>	<u>\$180,000</u>	<u>\$240</u>
24	<u>\$180,001</u>	<u>\$182,000</u>	<u>\$220</u>
25	<u>\$182,001</u>	<u>\$184,000</u>	<u>\$200</u>
26	<u>\$184,001</u>	<u>\$186,000</u>	<u>\$180</u>
27	<u>\$186,001</u>	<u>\$188,000</u>	<u>\$160</u>
28	<u>\$188,001</u>	<u>\$190,000</u>	<u>\$140</u>
29	<u>\$190,001</u>	<u>\$192,000</u>	<u>\$120</u>
30	<u>\$192,001</u>	<u>\$194,000</u>	<u>\$100</u>
31	<u>\$194,001</u>	<u>\$196,000</u>	<u>\$80</u>
32	<u>\$196,001</u>	<u>\$198,000</u>	<u>\$60</u>
33	<u>\$198,001</u>	<u>\$200,000</u>	<u>\$40</u>
34	<u>\$200,001</u>	<u>\$202,000</u>	<u>\$20</u>
35	<u>\$202,001 and up</u>		<u>\$0</u>

36

1 (B) Spouses filing jointly on the same income-tax return
2 shall receive only one (1) credit under subdivision (b)(2)(A) of this section
3 against their aggregate tax.

4 (c) The credits allowed under subdivisions (b)(1) and (b)(2) of this
5 section cannot be claimed by a taxpayer:

6 (1) For any tax year other than the tax year beginning on
7 January 1, 2022; or

8 (2) Who files a nonresident return or a part-year resident
9 return.

10 (d) The amount of the income-tax credit under this section that may be
11 claimed by the taxpayer in a tax year shall not exceed the amount of income
12 tax due by the taxpayer.

13
14 SECTION 7. EFFECTIVE DATE.

15 (a) Sections 1, 4, and 6 of this act are effective for tax years
16 beginning on or after January 1, 2022.

17 (b) Sections 2 and 3 of this act are effective for tax years beginning
18 on or after January 1, 2023.

19
20 SECTION 8. EMERGENCY CLAUSE. It is found and determined by the
21 General Assembly of the State of Arkansas that Arkansas has a net general
22 revenue surplus in excess of one billion six hundred million dollars
23 (\$1,600,000,000) for the 2022 fiscal year; that the state is collecting too
24 much in tax revenue; that the state has already enacted future tax cuts,
25 which should be expedited to more immediately reduce the rate of tax
26 collection; and that this act is immediately necessary to return hard-earned
27 money to the hands of Arkansans and to combat increasing inflationary
28 pressures. Therefore, an emergency is declared to exist, and this act being
29 immediately necessary for the preservation of the public peace, health, and
30 safety shall become effective on:

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

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

35 (3) If the bill is vetoed by the Governor and the veto is
36 overridden, the date the last house overrides the veto. APPROVED: 8/11/22