

1 State of Arkansas  
2 92nd General Assembly  
3 Regular Session, 2019  
4

# A Bill

SENATE BILL 211

5 By: Senators J. Dismang, J. Hendren  
6 By: Representatives Jett, Shepherd  
7

## For An Act To Be Entitled

9 AN ACT TO CREATE THE TAX COMPETITIVENESS AND RELIEF  
10 ACT OF 2019; TO REDUCE THE TAX BURDEN ON ARKANSAS  
11 TAXPAYERS; TO AMEND THE INCOME TAX IMPOSED ON  
12 INDIVIDUALS, TRUSTS, AND ESTATES; TO DECLARE AN  
13 EMERGENCY; AND FOR OTHER PURPOSES.  
14

## Subtitle

15  
16 TO CREATE THE TAX COMPETITIVENESS AND  
17 RELIEF ACT OF 2019; AND TO DECLARE AN  
18 EMERGENCY.  
19  
20  
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
23

24 SECTION 1. DO NOT CODIFY. Title.

25 This act shall be known and may be cited as the "Tax Competitiveness  
26 and Relief Act of 2019".  
27

28 SECTION 2. DO NOT CODIFY. Legislative findings and intent.

29 (a) The General Assembly finds that:

30 (1) The Arkansas Tax Reform and Relief Legislative Task Force  
31 was charged with:

32 (A) Examining and identifying areas of potential tax  
33 reform within the tax laws; and

34 (B) Recommending legislation to the General Assembly to:

35 (i) Modernize and simplify the Arkansas tax code;

36 (ii) Make Arkansas's tax laws competitive with tax



1 laws in other states;

2 (iii) Create jobs; and

3 (iv) Ensure fairness to all taxpayers;

4 (2) The state’s income tax laws should be amended to modernize  
5 and simplify the tax code and ensure fairness to all taxpayers;

6 (3) Any savings realized by the state through tax reforms should  
7 be dedicated to reducing the tax burden for Arkansas taxpayers;

8 (4) In recent years, the General Assembly has reduced the tax  
9 burden on those individuals, trusts, and estates that have income subject to  
10 the low-income tax table and the middle-income tax table;

11 (5) The General Assembly is committed to fairly and equitably  
12 reducing the tax burden on Arkansas taxpayers; and

13 (6) Reducing the top marginal income tax rate for individuals,  
14 trusts, and estates would reduce the overall tax burden on Arkansas taxpayers  
15 and provide relief for those taxpayers that have not received a significant  
16 reduction in taxes in recent years.

17 (b) It is the intent of the General Assembly to:

18 (1) Reform Arkansas tax laws to modernize and simplify the tax  
19 code, increase the state’s competitiveness, and ensure fairness to all  
20 taxpayers;

21 (2) Offset any revenue savings realized through tax reform with  
22 corresponding changes to reduce the tax burden for Arkansas taxpayers; and

23 (3) Reduce the tax burden on Arkansas taxpayers in a fiscally  
24 responsible manner.

25  
26 SECTION 3. Arkansas Code § 26-51-201(a)(7)-(10), concerning the income  
27 tax imposed on individuals, trusts, and estates, are amended to read as  
28 follows:

29 (7) Every resident, individual, trust, or estate having net  
30 income greater than or equal to ~~twenty-one thousand dollars (\$21,000)~~ twenty-  
31 two thousand two hundred dollars (\$22,200), but less than or equal to  
32 ~~seventy-five thousand dollars (\$75,000)~~ seventy-nine thousand three hundred  
33 dollars (\$79,300), shall determine the amount of income tax due under this  
34 subsection in accordance with the table set forth below:

From	Less Than or Equal To	Rate
35 \$0	36 <del>\$4,299</del> <u>\$4,499</u>	0.75%

1	<del>\$4,300</del> <u>\$4,500</u>	<del>\$8,399</del> <u>\$8,899</u>	2.5%
2	<del>\$8,400</del> <u>\$8,900</u>	<del>\$12,599</del> <u>\$13,399</u>	3.5%
3	<del>\$12,600</del> <u>\$13,400</u>	<del>\$20,999</del> <u>\$22,199</u>	4.5%
4	<del>\$21,000</del> <u>\$22,200</u>	<del>\$35,099</del> <u>\$37,199</u>	5%
5	<del>\$35,100</del> <u>\$37,200</u>	<del>\$75,000</del> <u>\$79,300</u>	6% <u>5.9%</u>

6 (8) Every resident, individual, trust, or estate having net  
 7 income of less than ~~twenty one thousand dollars (\$21,000)~~ twenty-two thousand  
 8 two hundred dollars (\$22,200) shall determine the amount of income tax due  
 9 under this subsection in accordance with the table set forth below:

10	From	Less Than or Equal To	Rate
11	\$0	<del>\$4,299</del> <u>\$4,499</u>	0%
12	<del>\$4,300</del> <u>\$4,500</u>	<del>\$8,399</del> <u>\$8,899</u>	2%
13	<del>\$8,400</del> <u>\$8,900</u>	<del>\$12,599</del> <u>\$13,399</u>	3%
14	<del>\$12,600</del> <u>\$13,400</u>	<del>\$20,999</del> <u>\$22,199</u>	3.4%

15 (9)(A) ~~For tax years beginning on and after January 1, 2016,~~  
 16 every For the tax year beginning January 1, 2020, every resident, individual,  
 17 trust, or estate having net income of more than ~~seventy-five thousand dollars~~  
 18 ~~(\$75,000)~~ seventy-nine thousand three hundred dollars (\$79,300) shall  
 19 determine the amount of income tax due under this subsection in accordance  
 20 with the table set forth below:

21	From	Less Than or Equal To	Rate
22	\$0	<del>\$4,299</del>	<del>0.9%</del>
23	<del>\$4,300</del>	<del>\$8,399</del>	<del>2.5%</del>
24	<del>\$8,400</del>	<del>\$12,599</del>	<del>3.5%</del>
25	<del>\$12,600</del>	<del>\$20,999</del>	<del>4.5%</del>
26	<del>\$21,000</del>	<del>\$35,099</del>	<del>6%</del>
27	<del>\$35,100 and above</del>		<del>6.9%</del>
28	<u>\$0</u>	<u>\$4,000</u>	<u>2%</u>
29	<u>\$4,001</u>	<u>\$8,000</u>	<u>4%</u>
30	<u>\$8,001</u>	<u>\$79,300</u>	<u>5.9%</u>
31	<u>\$79,301 and above</u>		<u>6.6%</u>

32 (B) For tax years beginning on and after January 1, 2021,  
 33 every resident, individual, trust, or estate having net income of more than  
 34 seventy-nine thousand three hundred dollars (\$79,300) shall determine the  
 35 amount of income tax due under this subsection in accordance with the table  
 36 set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
<u>\$0</u>	<u>\$4,000</u>	<u>2%</u>
<u>\$4,001</u>	<u>\$8,000</u>	<u>4%</u>
<u>\$8,001 and above</u>		<u>5.9%</u>

(10) ~~For tax years beginning on and after January 1, 2016, every~~  
~~Every~~ resident, individual, trust, or estate having net income of more than  
~~seventy five thousand dollars (\$75,000)~~ seventy-nine thousand three hundred  
~~dollars (\$80,000)~~ dollars (\$79,300), but not more than ~~eighty thousand dollars (\$80,000)~~  
eighty-four thousand six hundred dollars (\$84,600), shall reduce the amount  
of income tax due as determined under subdivision (a)(9) of this section by  
deducting a bracket adjustment amount in accordance with the table set forth  
below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket Adjustment Amount</u>
<del>\$75,001</del> <u>\$79,301</u>	<del>\$76,000</del> <u>\$80,300</u>	\$440
<del>\$76,001</del> <u>\$80,301</u>	<del>\$77,000</del> <u>\$81,300</u>	\$340
<del>\$77,001</del> <u>\$81,301</u>	<del>\$78,000</del> <u>\$82,500</u>	\$240
<del>\$78,001</del> <u>\$82,501</u>	<del>\$79,000</del> <u>\$83,600</u>	\$140
<del>\$79,001</del> <u>\$83,601</u>	<del>\$80,000</del> <u>\$84,600</u>	\$40
<del>\$80,001</del> <u>\$84,601</u> and above		\$0

SECTION 4. Arkansas Code § 26-51-201(e), concerning the income tax imposed on individuals, trusts, and estates, is repealed.

~~(e) If the director determines that federal law authorizes the state to collect sales and use tax from sellers that do not have a physical presence in the state, then after the first twelve (12) months of collecting sales and use tax from sellers that do not have a physical presence in the state, the director shall:~~

~~(1) After making the deductions required under § 19-5-202(b)(2)(B)(i), certify to the Governor and the Office of Economic and Tax Policy the amount of available net general revenues attributable to the collection of sales and use tax from sellers that do not have a physical presence in the state during the first twelve (12) months of collections;~~

~~(2) Use any amount under subdivision (e)(1) of this section that exceeds seventy million dollars (\$70,000,000) to reduce the rate of four and five tenths percent (4.5%) in the table contained in subdivision (a)(7) of~~

~~this section equally for all taxpayers subject to the rate of four and five-tenths percent (4.5%);~~

~~(3) Certify the amount of the reduction of the income tax rate under this subsection to the Governor and the Office of Economic and Tax Policy; and~~

~~(4) Incorporate the reduced income tax rate into the table prescribed under subsection (d) of this section, which shall be applicable for each tax year thereafter.~~

SECTION 5. EFFECTIVE DATE. Section 3 of this act is effective for tax years beginning on or after January 1, 2020.

SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that income tax rates for Arkansas residents are too high in comparison to the income tax rates in surrounding states; that these burdensome income tax rates prevent Arkansas from being competitive with surrounding states in the region; and that this act is immediately necessary because it is in the best interests of the state to increase Arkansas's ability to compete in the region by dedicating as much funding as is economically possible and prudent to relieve the income tax burden suffered by lower-income taxpayers in the state. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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