

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

# A Bill

HOUSE BILL 1159

5 By: Representatives Pitsch, Collins, Davis, Dotson  
6 By: Senators J. Hendren, Hester  
7

## For An Act To Be Entitled

9 AN ACT TO CREATE THE TAX REFORM AND RELIEF ACT OF  
10 2017; TO AMEND THE INCOME TAX RATES APPLICABLE TO  
11 INDIVIDUALS, TRUSTS, AND ESTATES; TO CREATE THE  
12 ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK  
13 FORCE; TO DECLARE AN EMERGENCY; AND FOR OTHER  
14 PURPOSES.

## Subtitle

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18 TO CREATE THE TAX REFORM AND RELIEF ACT  
19 OF 2017; AND TO DECLARE AN EMERGENCY.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. DO NOT CODIFY. This act shall be known and may be cited as  
25 the "Tax Reform and Relief Act of 2017".  
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27 SECTION 2. Arkansas Code § 26-51-201(a)(7) and (8), concerning the  
28 income tax imposed on individuals, trusts, and estates, is amended to read as  
29 follows:

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

From	Less Than or Equal To	Rate
\$0	\$4,299	<del>0.9%</del> <u>0.75%</u>



1	\$4,300	\$8,399	2.5%
2	\$8,400	\$12,599	3.5%
3	\$12,600	\$20,999	4.5%
4	\$21,000	\$35,099	5%
5	\$35,100	\$75,000	6%

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

10	From	Less Than or Equal To	Rate
11	\$0	\$4,299	<del>0.9%</del> <u>0%</u>
12	\$4,300	\$8,399	<del>2.4%</del> <u>2%</u>
13	\$8,400	\$12,599	<del>3.4%</del> <u>3%</u>
14	\$12,600	\$20,999	<del>4.4%</del> <u>3.4%</u>

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

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

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

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

24 (B) Five (5) members of the Senate appointed by the  
 25 President Pro Tempore of the Senate;

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

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

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

32 (F) Five (5) members of the House of Representatives  
 33 appointed by the Speaker of the House of Representatives;

34 (G) The House Majority Leader, or his or her designee who  
 35 is a member of the House of Representatives; and

36 (H) The House Minority Leader, or his or her designee who

1 is a member of the House of Representatives.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (C) Create jobs for Arkansans; and

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

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

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

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

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

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

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