

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

As Engrossed: H2/3/17

A Bill

HOUSE BILL 1227

5 By: Representative Farrer
6 *By: Senator Irvin*
7

For An Act To Be Entitled

9 AN ACT TO REDUCE INCOME TAX RATES IN CERTAIN
10 CIRCUMSTANCES; TO REDUCE INCOME TAX RATES BASED ON
11 THE GROWTH OF INCOME TAX COLLECTIONS; AND FOR OTHER
12 PURPOSES.
13
14

Subtitle

16 TO REDUCE INCOME TAX RATES IN CERTAIN
17 CIRCUMSTANCES; AND TO REDUCE INCOME TAX
18 RATES BASED ON THE GROWTH OF INCOME TAX
19 COLLECTIONS.
20
21

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

24 SECTION 1. Arkansas Code § 26-51-201(d), concerning the income tax
25 imposed on individuals, trusts, and estates, is amended to read as follows:

26 (d)(1) The Director of the Department of Finance and Administration
27 shall prescribe annually ~~a table which~~ tables that shall apply in lieu of the
28 ~~table~~ tables contained in subsection (a) of this section with respect to each
29 succeeding taxable year.

30 (2)(A) The director shall increase the minimum and maximum
31 dollar amounts for each rate bracket, rounding to the nearest one hundred
32 dollars (\$100), for which a tax is imposed under the table by the cost-of-
33 living adjustment for each calendar year ~~and by not changing the rate~~
34 ~~applicable to any rate bracket as adjusted.~~

35 ~~(2)~~ (B) For purposes of subdivision ~~(d)(1)~~ (d)(2)(A) of
36 this section, the cost-of-living adjustment for a calendar year is the



1 percentage, if any, by which the GPI Consumer Price Index for the current
2 calendar year exceeds the GPI Consumer Price Index for the preceding calendar
3 year, not to exceed three percent (3%). The GPI Consumer Price Index for any
4 calendar year is the average of the Consumer Price Index as of the close of
5 the twelve-month period ending on August 31 of such calendar year. "Consumer
6 Price Index" means the last Consumer Price Index for All Urban Consumers
7 published by the United States Department of Labor.

8 (3)(A) Each tax rate in subsection (a) of this section shall be
9 reduced by one-eighth (1/8) of one (1) percentage point if the total income
10 tax revenues collected under this chapter for a fiscal year exceed by at
11 least three percent (3%) the total income tax revenues collected under this
12 chapter for the most recent fiscal year in which income tax revenues
13 collected under this chapter increased.

14 (B) The reduction of tax rates under subdivision (d)(3)(A)
15 of this section shall be effective January 1 of the following year.

16 ~~(3)~~ (4) The new tables, as adjusted annually, shall be used by
17 the director in preparing the income tax withholding tables pursuant to § 26-
18 51-907.

19
20 SECTION 2. Arkansas Code § 26-51-205, concerning the Work Force 2000
21 Development Fund and the income tax imposed on corporations, is amended to
22 add an additional subsection to read as follows:

23 (e)(1) The Director of the Department of Finance and Administration
24 shall prescribe annually tables that shall apply in lieu of the tables
25 contained in subsections (a) and (b) of this section with respect to each
26 succeeding taxable year.

27 (2) Each tax rate in subsections (a) and (b) of this section
28 shall be reduced by one-eighth (1/8) of one (1) percentage point if the total
29 income tax revenues collected under this chapter for a fiscal year by at
30 least three percent (3%) the total income tax revenues collected under this
31 chapter for the most recent fiscal year in which income tax revenues
32 collected under this chapter increased.

33 (3) The reduction of tax rates under subdivision (e)(2) of this
34 section shall be effective January 1 of the following year.

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36 /s/Farrer