

1 State of Arkansas
2 92nd General Assembly
3 Fiscal Session, 2020

SR 4

4
5 By: Senator L. Chesterfield
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7 **SENATE RESOLUTION**

8 TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION
9 BILL TO AMEND THE INCOME TAX IMPOSED ON INDIVIDUALS,
10 TRUSTS, AND ESTATES.
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13 **Subtitle**

14 TO AUTHORIZE THE INTRODUCTION OF A
15 NONAPPROPRIATION BILL TO AMEND THE INCOME
16 TAX IMPOSED ON INDIVIDUALS, TRUSTS, AND
17 ESTATES.
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20 WHEREAS, on March 11, 2020, Governor Asa Hutchinson declared an
21 emergency under Arkansas Code §§ 12-75-101 et seq. and § 20-7-110 in response
22 to an outbreak of coronavirus disease 2019 (COVID-19); and
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24 WHEREAS, the public health emergency resulting from the spread of
25 COVID-19 has dramatically impacted the state's economy, as evidenced by
26 Governor Hutchinson's lowering the state's revenue forecast for the 2020
27 fiscal year by three hundred fifty-three million dollars (\$353,000,000) and
28 lowering the anticipated revenue for the 2021 fiscal year by two hundred five
29 million nine hundred thousand dollars (\$205,900,000); and
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31 WHEREAS, the COVID-19 public health emergency has also resulted in a
32 dramatic increase in the number of unemployment claims being filed - the
33 total number of persons who have filed for unemployment in Arkansas is
34 roughly one hundred thousand (100,000) and the weekly average of filed claims
35 has increased from around ten thousand (10,000) to around sixty-six thousand
36 (66,000), with the weekly average of paid claims increasing from around seven



1 thousand two hundred (7,200) to around twenty-seven thousand (27,000); and
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3 WHEREAS, the consideration and passage of a bill to delay the
4 implementation of certain tax cuts until 2022 is necessary to enhance the
5 state's ability to maintain essential functions and service for the citizens
6 of this state throughout the ongoing public health emergency,
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8 NOW THEREFORE,

9 BE IT RESOLVED BY THE SENATE OF THE NINETY-SECOND GENERAL ASSEMBLY OF THE
10 STATE OF ARKANSAS:

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12 THAT Representative Love is authorized to introduce a bill which as
13 introduced will read substantially as follows:

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15 "For An Act To Be Entitled
16 AN ACT TO AMEND THE INCOME TAX IMPOSED ON INDIVIDUALS, TRUSTS, AND ESTATES;
17 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

18

19 Subtitle
20 TO AMEND THE INCOME TAX IMPOSED ON INDIVIDUALS, TRUSTS, AND ESTATES; AND TO
21 DECLARE AN EMERGENCY.

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

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25 SECTION 1. Arkansas Code § 26-51-201(a)(7)-(10), concerning the income
26 tax imposed on individuals, trusts, and estates, is amended to read as
27 follows:

28 (7)(A) For tax years beginning on and after January 1, 2019,
29 every resident, individual, trust, or estate having net income greater than
30 or equal to twenty-one thousand dollars (\$21,000), but less than or equal to
31 seventy-five thousand dollars (\$75,000), shall determine the amount of income
32 tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
33 <u>\$0</u>	<u>\$4,299</u>	<u>0.75%</u>
34 <u>\$4,300</u>	<u>\$8,899</u>	<u>2.5%</u>
35 <u>\$8,400</u>	<u>\$12,599</u>	<u>3.5%</u>

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1	<u>\$12,600</u>	<u>\$20,999</u>	<u>4.5%</u>
2	<u>\$21,000</u>	<u>\$35,099</u>	<u>5%</u>
3	<u>\$35,100</u>	<u>\$75,000</u>	<u>6%</u>

4 (B) Every For tax years beginning on and after January 1,
5 2022, every resident, individual, trust, or estate having net income greater
6 than or equal to twenty-two thousand two hundred dollars (\$22,200), but less
7 than or equal to seventy-nine thousand three hundred dollars (\$79,300), shall
8 determine the amount of income tax due under this subsection in accordance
9 with the table set forth below:

10	From	Less Than or Equal To	Rate
11	\$0	\$4,499	0.75%
12	\$4,500	\$8,899	2.5%
13	\$8,900	\$13,399	3.5%
14	\$13,400	\$22,199	4.5%
15	\$22,200	\$37,199	5%
16	\$37,200	\$79,300	5.9%

17 (8)(A) For tax years beginning on and after January 1, 2019,
18 every resident, individual, trust, or estate having net income of less than
19 twenty-one thousand dollars (\$21,000) shall determine the amount of income
20 tax due under this subsection in accordance with the table set forth below:

21	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
22	<u>\$0</u>	<u>\$4,299</u>	<u>0%</u>
23	<u>\$4,300</u>	<u>\$8,399</u>	<u>2%</u>
24	<u>\$8,400</u>	<u>\$12,599</u>	<u>3%</u>
25	<u>\$12,600</u>	<u>\$20,999</u>	<u>3.4%</u>

26 (B) Every For tax years beginning on and after January 1,
27 2022, every resident, individual, trust, or estate having net income of less
28 than twenty-two thousand two hundred dollars (\$22,200) shall determine the
29 amount of income tax due under this subsection in accordance with the table
30 set forth below:

31	From	Less Than or Equal To	Rate
32	\$0	\$4,499	0%
33	\$4,500	\$8,899	2%
34	\$8,900	\$13,399	3%
35	\$13,400	\$22,199	3.4%

36 (9)(A) For tax years beginning on and after January 1, 2019,

1 every resident, individual, trust, or estate having net income of more than
2 seventy-five thousand dollars (\$75,000) shall determine the amount of income
3 tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
4 <u>\$0</u>	<u>\$4,299</u>	<u>0.9%</u>
5 <u>\$4,300</u>	<u>\$8,399</u>	<u>2.5%</u>
6 <u>\$8,400</u>	<u>\$12,599</u>	<u>3.5%</u>
7 <u>\$12,600</u>	<u>\$20,999</u>	<u>4.5%</u>
8 <u>\$21,000</u>	<u>\$35,099</u>	<u>6%</u>
9 <u>\$35,100 and above</u>		<u>6.9%</u>

11 (B) For the tax year beginning on and after January 1,
12 ~~2020~~ 2022, every resident, individual, trust, or estate having net income of
13 more than seventy-nine thousand three hundred dollars (\$79,300) shall
14 determine the amount of income tax due under this subsection in accordance
15 with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
16 <u>\$0</u>	<u>\$4,000</u>	<u>2%</u>
17 <u>\$4,001</u>	<u>\$8,000</u>	<u>4%</u>
18 <u>\$8,001</u>	<u>\$79,300</u>	<u>5.9%</u>
19 <u>\$79,301 and above</u>		<u>6.6%</u>

21 ~~(B)~~(C) For tax years beginning on and after January 1,
22 ~~2021-2023~~, every resident, individual, trust, or estate having net income of
23 more than seventy-nine thousand three hundred dollars (\$79,300) shall
24 determine the amount of income tax due under this subsection in accordance
25 with the table set forth below:

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

30 (10)(A) For tax years beginning on and after January 1, 2019,
31 every resident, individual, trust, or estate having net income of more than
32 seventy-five thousand dollars (\$75,000), but not more than eighty thousand
33 dollars (\$80,000), shall reduce the amount of income tax due as determined
34 under subdivision (a)(9)(A) of this section by deducting a bracket adjustment
35 amount in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket Adjustment</u>
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1			<u>Amount</u>
2	<u>\$75,001</u>	<u>\$76,000</u>	<u>\$440</u>
3	<u>\$76,001</u>	<u>\$77,000</u>	<u>\$340</u>
4	<u>\$77,001</u>	<u>\$78,000</u>	<u>\$240</u>
5	<u>\$78,001</u>	<u>\$79,000</u>	<u>\$140</u>
6	<u>\$79,001</u>	<u>\$80,000</u>	<u>\$40</u>
7	<u>\$80,001 and above</u>		<u>\$0</u>

8 (B) Every For tax years beginning on and after January 1,
9 2022, every resident, individual, trust, or estate having net income of more
10 than seventy-nine thousand three hundred dollars (\$79,300), but not more than
11 eighty-four thousand six hundred dollars (\$84,600), shall reduce the amount
12 of income tax due as determined under ~~subdivision (a)(9)~~ subdivisions
13 (a)(9)(B) and (C) of this section by deducting a bracket adjustment amount in
14 accordance with the table set forth below:

15	From	Less Than or Equal To	Bracket Adjustment
16			Amount
17	\$79,301	\$80,300	\$440
18	\$80,301	\$81,300	\$340
19	\$81,301	\$82,500	\$240
20	\$82,501	\$83,600	\$140
21	\$83,601	\$84,600	\$40
22	\$84,601 and above		\$0

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24 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
25 General Assembly of the State of Arkansas that both the federal government
26 and the State of Arkansas have amended the time for filing federal and state
27 income tax returns to July 15 as a result of the COVID-19 pandemic; that
28 extending the filing deadline for state income taxes into the next fiscal
29 year has created the need to adjust the state budget to account for the
30 anticipated reduction in state revenue; and that it is necessary to make
31 immediate changes to the income tax imposed on individuals, trusts, and
32 estates to avoid a financial crisis in the state and to ensure the state can
33 continue providing services while maintaining a balanced budget. Therefore,
34 an emergency is declared to exist, and this act being immediately necessary
35 for the preservation of the public peace, health, and safety shall become
36 effective on:

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(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."