

1 State of Arkansas
2 93rd General Assembly
3 Second Extraordinary Session, 2021
4

A Bill

Call Item 1

HOUSE BILL 1001

5 By: Representatives Maddox, Shepherd, Jett, Jean, Fortner, Ray, Barker, Beaty Jr., Beck, Bentley, M.
6 Berry, S. Berry, Boyd, Bragg, Breaux, Brooks, Brown, Bryant, Carr, Cavanaugh, Cloud, Coleman, C.
7 Cooper, Cozart, Crawford, Dalby, M. Davis, Deffenbaugh, Dotson, Eaves, Eubanks, Evans, C. Fite, L.
8 Fite, Gazaway, Gonzales, M. Gray, Haak, Hawks, Hillman, Holcomb, Hollowell, L. Johnson, Ladyman,
9 Lowery, Lynch, J. Mayberry, McClure, McCollum, McGrew, McNair, S. Meeks, Miller, Milligan,
10 Payton, Perry, Richmond, Pilkington, Slape, S. Smith, Speaks, Tollett, Tosh, Underwood, Vaught,
11 Wardlaw, Warren, Watson, Wing, Wooten
12 By: Senators J. Dismang, B. Sample, B. Ballinger, Beckham, Bledsoe, Caldwell, A. Clark, B. Davis, J.
13 English, Flippo, Gilmore, K. Hammer, J. Hendren, Hester, Hickey, Hill, Irvin, B. Johnson, M. Johnson,
14 M. Pitsch, Rapert, Rice, G. Stubblefield, J. Sturch, D. Sullivan, D. Wallace

For An Act To Be Entitled

15
16 AN ACT TO PROVIDE FOR INCOME TAX REDUCTIONS THAT
17 PRESERVE THE STATE’S ABILITY TO BUILD AND MAINTAIN
18 RESERVE FUNDS AND ENSURE FINANCIAL SECURITY; TO AMEND
19 THE INCOME TAX BRACKETS AND RATES FOR INDIVIDUALS; TO
20 AMEND THE INCOME TAX RATES FOR CORPORATIONS IF
21 CERTAIN CONDITIONS RELATED TO THE STATE’S RESERVE
22 FUNDS ARE MET; TO CHANGE THE NAME OF THE LONG TERM
23 RESERVE FUND AND ENSURE IT IS ADEQUATELY FUNDED; TO
24 CREATE AN INCOME TAX CREDIT FOR CERTAIN TAXPAYERS; TO
25 INDEX THE STANDARD DEDUCTION TO THE CONSUMER PRICE
26 INDEX; TO DECLARE AN EMERGENCY; AND FOR OTHER
27 PURPOSES.
28

Subtitle

29
30
31 TO AMEND THE STATE INCOME TAX; TO CHANGE
32 THE NAME AND FUNDING OF THE LONG TERM
33 RESERVE FUND; AND TO DECLARE AN
34 EMERGENCY.
35
36



1
 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

3
 4 SECTION 1. Arkansas Code § 19-5-406 is amended to read as follows:
 5 19-5-406. Transfer of remaining revenues.

6 (a) After making the maximum annual allocation as provided for in §
 7 19-5-402+,

8 ~~(1)~~ The ~~the~~ first two hundred million dollars (\$200,000,000)
 9 shall be distributed as follows:

10 ~~(A)~~ (1) Seventy-five percent (75%) of the remaining general
 11 revenues available for distribution during each fiscal year shall be
 12 transferred on the last day of business in each calendar month to the General
 13 Revenue Allotment Reserve Fund, there to be used ~~for the respective purposes~~
 14 ~~as provided by law~~ as stated under subsection (b) of this section; and

15 ~~(B)~~ (2) Twenty-five percent (25%) of the remaining general
 16 revenues available for distribution during each fiscal year, but not to
 17 exceed fifty million dollars (\$50,000,000) each fiscal year, shall be
 18 transferred on the last day of business in each calendar month to the State
 19 Highway and Transportation Department Fund; ~~and.~~

20 (b)(1) The Chief Fiscal Officer of the State shall determine whether
 21 the balance of the Catastrophic Reserve Fund is twenty percent (20%) of the
 22 total amount of general revenue funds last distributed under § 19-5-402.

23 (2) If the Chief Fiscal Officer of the State determines that the
 24 balance of the Catastrophic Reserve Fund is less than twenty percent (20%) of
 25 the total amount of general revenue funds last distributed under § 19-5-402,
 26 then after the distributions under subsection (a) of this section, any
 27 additional revenue, including the distributions under subdivision (a)(1) of
 28 this section and any additional revenues in excess of those distributed under
 29 subsection (a), shall be transferred to the Catastrophic Reserve Fund to
 30 ensure that the Catastrophic Reserve Fund balance equals but does not exceed
 31 twenty percent (20%) of the total amount of general revenue funds last
 32 distributed under § 19-5-402.

33 (3) If it is determined that the balance of the Catastrophic
 34 Reserve Fund exceeds twenty percent (20%) of the total amount of general
 35 revenue funds last distributed under § 19-5-402, the amount in excess shall
 36 remain in the Catastrophic Reserve Fund unless the General Assembly directs

1 otherwise.

2 ~~(2)(c)~~ Any additional revenues available after the distributions in
3 ~~subdivision (1)~~ subsection (b) of this section shall be transferred on the
4 last day of business in each calendar month to the General Revenue Allotment
5 Reserve Fund, there to be used for the respective purposes as provided by
6 law.

7
8 SECTION 2. Arkansas Code § 19-5-905(a)(12), concerning the uses of
9 funds in the Securities Reserve Fund, is amended to read as follows:

10 (12) After all distributions and transfers under this section,
11 less one hundred thousand dollars (\$100,000) under § 19-3-521(a)(2), for a
12 transfer by the Chief Fiscal Officer of the State on the last business day of
13 the fiscal year of the fund balance to the ~~Long-Term~~ Catastrophic Reserve
14 Fund.

15
16 SECTION 3. Arkansas Code § 19-6-486 is amended to read as follows:

17 19-6-486. ~~Long-Term~~ Catastrophic Reserve Fund.

18 (a) There is created on the books of the Treasurer of State, the
19 Auditor of State, and the Chief Fiscal Officer of the State a special revenue
20 fund to be known as the "~~Long-Term~~ Catastrophic Reserve Fund".

21 (b) The ~~Long-Term~~ Catastrophic Reserve Fund shall consist of such
22 funds as may be provided by the General Assembly.

23 (c) The ~~Long-Term~~ Catastrophic Reserve Fund shall be used to
24 distribute moneys to one (1) or more funds or fund accounts in the Revenue
25 Stabilization Law, § 19-5-101 et seq.

26 (d)(1) After determining the estimated amount of general revenue that
27 will be available for allocation to the state agencies under the Revenue
28 Stabilization Law, § 19-5-101 et seq., and after making the determination
29 required by § 19-5-1227(c) and prior to making any transfers deemed necessary
30 by the Chief Fiscal Officer of the State in § 19-5-1227(d), the Chief Fiscal
31 Officer of the State may transfer funds from the ~~Long-Term~~ Catastrophic
32 Reserve Fund in the event a "revenue shortfall" exists to meet the state's
33 financial obligation to provide an adequate educational system for the state
34 and to provide for the effective operation of state government. In the event
35 the Chief Fiscal Officer of the State determines that a "revenue shortfall"
36 exists as defined as a circumstance when the official forecast of gross

1 general revenue certified by the Chief Fiscal Officer of the State is
2 projected to increase less than three percent (3%) over and above the gross
3 general revenue collections of the previous fiscal year due to changes in
4 economic conditions, ~~he or she~~ the Chief Fiscal Officer of the State may then
5 transfer funds from the ~~Long-Term~~ Catastrophic Reserve Fund, as approved by a
6 vote of at least two-thirds (2/3) of the members of the Legislative Council or
7 at least two-thirds (2/3) of the members of the Joint Budget Committee, to
8 various funds and fund accounts, as deemed necessary, in the Revenue
9 Stabilization Law, § 19-5-101 et seq., for the purpose of meeting
10 unanticipated shortfalls in state general revenue.

11 (2) Or the Chief Fiscal Officer of the State may transfer funds
12 from the ~~Long-Term~~ Catastrophic Reserve Fund to the Economic Development
13 Superprojects Project Fund for projects authorized under Arkansas
14 Constitution, Amendment 82, as approved by the Governor and at least two-
15 thirds (2/3) of the members of the Legislative Council or at least two-thirds
16 (2/3) of the members of the Joint Budget Committee.

17 (e)(1) Upon recommendation by the Chief Fiscal Officer of the State,
18 the Governor may determine that circumstances exist that meet the
19 requirements for the utilization of the ~~Long-Term~~ Catastrophic Reserve Fund
20 as set out in this section, and the procedures ~~set out herein~~ under this
21 section shall apply.

22 (2) When the Governor determines there is a need requiring
23 transfer from the ~~Long-Term~~ Catastrophic Reserve Fund, he or she shall
24 instruct the Chief Fiscal Officer of the State to prepare and submit written
25 documentation to the Legislative Council or the Joint Budget Committee. Such
26 documentation shall include:

27 (A) Sufficient financial data that will enable the
28 verification of the existence of an emergency and the amount necessary to
29 address the need for ~~long-term reserve~~ funds from the Catastrophic Reserve
30 Fund;

31 (B) A proposed distribution of moneys from the ~~Long-Term~~
32 Catastrophic Reserve Fund to one (1) or more funds or fund accounts in the
33 Revenue Stabilization Law, § 19-5-101 et seq., or to the Economic Development
34 Superprojects Project Fund, or both; and

35 (C) A statement certifying that no other funds are
36 available that could be transferred in lieu of the funds in the ~~Long-Term~~

1 Catastrophic Reserve Fund.

2 (3) ~~Such documentation~~ Documentation under subdivision (e)(2) of
3 this section shall be submitted to the Legislative Council or Joint Budget
4 Committee for approval ~~prior to~~ before the implementation of the proposed
5 distribution.

6 (4)(A) The Chief Fiscal Officer of the State, after having
7 sought and received prior approval of at least two-thirds (⅔) of the members
8 of the Legislative Council or at least two-thirds (⅔) of the members of the
9 Joint Budget Committee, shall cause the required transfers to be made on his
10 or her books and on the books of the Treasurer of State and the Auditor of
11 State from the ~~Long-Term~~ Catastrophic Reserve Fund to the appropriate funds
12 and fund accounts in the Revenue Stabilization Law, § 19-5-101 et seq., or to
13 the Economic Development Superprojects Project Fund, or both.

14 (B) In no event shall the amounts transferred in any
15 fiscal year to the funds and fund accounts in the Revenue Stabilization Law,
16 § 19-5-101 et seq., by this section cause the general revenues to exceed the
17 maximum allocations authorized in the Revenue Stabilization Law, § 19-5-101
18 et seq.

19 (f) Determining the maximum amount of appropriation and general
20 revenue funding for a state agency each fiscal year is the prerogative of the
21 General Assembly. This is usually accomplished by delineating such maximums
22 in the appropriation acts for a state agency and the general revenue
23 allocations authorized for each fund and fund account by amendment to the
24 Revenue Stabilization Law, § 19-5-101 et seq. Further, the General Assembly
25 has determined that creating the ~~Long-Term~~ Catastrophic Reserve Fund and
26 establishing the procedures for the transfer of funds to various funds and
27 fund accounts in the Revenue Stabilization Law, § 19-5-101 et seq., or to the
28 Economic Development Superprojects Project Fund, or both, provides for the
29 efficient and effective operation of state government if a revenue shortfall
30 is determined to exist. Therefore, it is both necessary and appropriate that
31 the General Assembly maintain oversight by requiring prior approval of the
32 Legislative Council or Joint Budget Committee as provided by this section.
33 The requirement of approval by the Legislative Council or Joint Budget
34 Committee is not a severable part of this section. If the requirement of
35 approval by the Legislative Council or Joint Budget Committee is ruled
36 unconstitutional by a court of competent jurisdiction, this entire section is

1 void.

2 ~~(g) During each fiscal year, after the provisions of § 19-5-1004(b)(2)~~
 3 ~~are complied with, the Chief Fiscal Officer of the State shall replenish the~~
 4 ~~Long Term Reserve Fund by transferring no more than fifty percent (50%) of~~
 5 ~~the balance in the General Revenue Allotment Reserve Fund or an amount equal~~
 6 ~~to all transfers made under this section during the fiscal year immediately~~
 7 ~~preceding the fiscal year in which such replenishment is made under this~~
 8 ~~section, whichever is less, to the Long Term Reserve Fund.~~

9

10 SECTION 4. Arkansas Code § 26-26-310(b)(2)(D)(iii)(b), concerning the
 11 certification of the amount of property tax reduction, is amended to read as
 12 follows:

13 (b) Except as provided in subdivision
 14 (b)(2)(D)(iii)(a) of this section, the revenues credited to the Property Tax
 15 Relief Trust Fund in excess of the amount determined under subdivision
 16 (b)(2)(D)(ii) of this section shall be transferred from the Property Tax
 17 Relief Trust Fund to the ~~Long Term~~ Catastrophic Reserve Fund.

18

19 SECTION 5. Arkansas Code § 26-51-201(a), concerning the rate of tax
 20 levied on the income of individuals, trusts, and estates, is amended to read
 21 as follows:

22 (a) ~~For tax years beginning on and after January 1, 2014, a~~ A tax is
 23 imposed upon, ~~and with respect to,~~ the entire income of every resident,
 24 individual, trust, or estate. The tax shall be levied, collected, and paid
 25 annually upon the entire net income as defined and computed in this chapter
 26 at the following rates, giving effect to the tax credits provided hereafter,
 27 in the manner set forth:

28 ~~(1) On the first four thousand two hundred ninety nine dollars~~
 29 ~~(\$4,299) of net income or any part thereof, nine tenths percent (0.9%);~~

30 ~~(2) On the next four thousand one hundred dollars (\$4,100) of~~
 31 ~~net income or any part thereof, two and five tenths percent (2.5%);~~

32 ~~(3) On the next four thousand two hundred dollars (\$4,200) of~~
 33 ~~net income or any part thereof, three and five tenths percent (3.5%);~~

34 ~~(4) On the next eight thousand four hundred dollars (\$8,400) of~~
 35 ~~net income or any part thereof, four and five tenths percent (4.5%);~~

36 ~~(5) On the next fourteen thousand one hundred dollars (\$14,100)~~

~~of net income or any part thereof, six percent (6%);~~

~~(6) On net income of thirty five thousand one hundred dollars (\$35,100) and above, seven percent (7%);~~

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

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

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

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

~~(9)(A) For the tax year beginning January 1, 2020, every resident, individual, trust, or estate having net income of more than seventy nine thousand three hundred dollars (\$79,300) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:~~

From	Less Than or Equal To	Rate
\$0	\$4,000	2%

1	\$4,001	\$8,000	4%
2	\$8,001	\$79,300	5.9%
3	\$79,301 and above		6.6%

4

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

10	From	Less Than or Equal To	Rate
11			
12	\$0	\$4,000	2%
13	\$4,001	\$8,000	4%
14	\$8,001 and above		5.9%

15

16 ~~(10) Every resident, individual, trust, or estate having~~
 17 ~~net income of more than seventy nine thousand three hundred dollars~~
 18 ~~(\$79,300), but not more than eighty four thousand six hundred dollars~~
 19 ~~(\$84,600), shall reduce the amount of income tax due as determined under~~
 20 ~~subdivision (a)(9) of this section by deducting a bracket adjustment amount~~
 21 ~~in accordance with the table set forth below:~~

22	From	Less Than or Equal To	Bracket-
23			Adjustment
24			Amount
25			
26	\$79,301	\$80,300	\$440
27	\$80,301	\$81,300	\$340
28	\$81,301	\$82,500	\$240
29	\$82,501	\$83,600	\$140
30	\$83,601	\$84,600	\$40
31	\$84,601 and above		\$0

32

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

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

(B) On and after January 1, 2022, every resident, individual, trust, or estate having net income greater than eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income 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>
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501 and above		5.5%

(C) For tax years beginning on or after January 1, 2022, every resident, individual, trust, or estate having net income greater than or equal to eighty-four thousand five hundred one dollars (\$84,501) but not greater than ninety thousand six hundred dollars (\$90,600) shall reduce the amount of income tax due as determined under subdivision (a)(1)(B) 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>
\$84,501	\$84,600	\$610
\$84,601	\$84,700	\$600
\$84,701	\$84,800	\$590
\$84,801	\$84,900	\$580
\$84,901	\$85,000	\$570
\$85,001	\$85,100	\$560

1	<u>\$85,101</u>	<u>\$85,200</u>	<u>\$550</u>
2	<u>\$85,201</u>	<u>\$85,300</u>	<u>\$540</u>
3	<u>\$85,301</u>	<u>\$85,400</u>	<u>\$530</u>
4	<u>\$85,401</u>	<u>\$85,500</u>	<u>\$520</u>
5	<u>\$85,501</u>	<u>\$85,600</u>	<u>\$510</u>
6	<u>\$85,601</u>	<u>\$85,700</u>	<u>\$500</u>
7	<u>\$85,701</u>	<u>\$85,800</u>	<u>\$490</u>
8	<u>\$85,801</u>	<u>\$85,900</u>	<u>\$480</u>
9	<u>\$85,901</u>	<u>\$86,000</u>	<u>\$470</u>
10	<u>\$86,001</u>	<u>\$86,100</u>	<u>\$460</u>
11	<u>\$86,101</u>	<u>\$86,200</u>	<u>\$450</u>
12	<u>\$86,201</u>	<u>\$86,300</u>	<u>\$440</u>
13	<u>\$86,301</u>	<u>\$86,400</u>	<u>\$430</u>
14	<u>\$86,401</u>	<u>\$86,500</u>	<u>\$420</u>
15	<u>\$86,501</u>	<u>\$86,600</u>	<u>\$410</u>
16	<u>\$86,601</u>	<u>\$86,700</u>	<u>\$400</u>
17	<u>\$86,701</u>	<u>\$86,800</u>	<u>\$390</u>
18	<u>\$86,801</u>	<u>\$86,900</u>	<u>\$380</u>
19	<u>\$86,901</u>	<u>\$87,000</u>	<u>\$370</u>
20	<u>\$87,001</u>	<u>\$87,100</u>	<u>\$360</u>
21	<u>\$87,101</u>	<u>\$87,200</u>	<u>\$350</u>
22	<u>\$87,201</u>	<u>\$87,300</u>	<u>\$340</u>
23	<u>\$87,301</u>	<u>\$87,400</u>	<u>\$330</u>
24	<u>\$87,401</u>	<u>\$87,500</u>	<u>\$320</u>
25	<u>\$87,501</u>	<u>\$87,600</u>	<u>\$310</u>
26	<u>\$87,601</u>	<u>\$87,700</u>	<u>\$300</u>
27	<u>\$87,701</u>	<u>\$87,800</u>	<u>\$290</u>
28	<u>\$87,801</u>	<u>\$87,900</u>	<u>\$280</u>
29	<u>\$87,901</u>	<u>\$88,000</u>	<u>\$270</u>
30	<u>\$88,001</u>	<u>\$88,100</u>	<u>\$260</u>
31	<u>\$88,101</u>	<u>\$88,200</u>	<u>\$250</u>
32	<u>\$88,201</u>	<u>\$88,300</u>	<u>\$240</u>
33	<u>\$88,301</u>	<u>\$88,400</u>	<u>\$230</u>
34	<u>\$88,401</u>	<u>\$88,500</u>	<u>\$220</u>
35	<u>\$88,501</u>	<u>\$88,600</u>	<u>\$210</u>
36	<u>\$88,601</u>	<u>\$88,700</u>	<u>\$200</u>

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

21

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

26	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
27			
28	<u>\$0</u>	<u>\$4,999</u>	<u>0%</u>
29	<u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
30	<u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
31	<u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
32	<u>\$23,600</u>	<u>\$39,699</u>	<u>5%</u>
33	<u>\$39,700</u>	<u>\$84,500</u>	<u>5.3%</u>

34

35 (B) On and after January 1, 2023, every resident,
 36 individual, trust, or estate having net income greater than eighty-four

1 thousand five hundred dollars (\$84,500) shall determine the amount of income
 2 tax due under this subsection in accordance with the table set forth below:

3 <u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
4		
5 <u>\$0</u>	<u>\$4,300</u>	<u>2%</u>
6 <u>\$4,301</u>	<u>\$8,500</u>	<u>4%</u>
7 <u>\$8,501 and above</u>		<u>5.3%</u>

8

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

16 <u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket</u>
17		<u>Adjustment</u>
18		<u>Amount</u>
19		
20 <u>\$84,501</u>	<u>\$84,600</u>	<u>\$548</u>
21 <u>\$84,601</u>	<u>\$84,700</u>	<u>\$538</u>
22 <u>\$84,701</u>	<u>\$84,800</u>	<u>\$528</u>
23 <u>\$84,801</u>	<u>\$84,900</u>	<u>\$518</u>
24 <u>\$84,901</u>	<u>\$85,000</u>	<u>\$508</u>
25 <u>\$85,001</u>	<u>\$85,100</u>	<u>\$498</u>
26 <u>\$85,101</u>	<u>\$85,200</u>	<u>\$488</u>
27 <u>\$85,201</u>	<u>\$85,300</u>	<u>\$478</u>
28 <u>\$85,301</u>	<u>\$85,400</u>	<u>\$468</u>
29 <u>\$85,401</u>	<u>\$85,500</u>	<u>\$458</u>
30 <u>\$85,501</u>	<u>\$85,600</u>	<u>\$448</u>
31 <u>\$85,601</u>	<u>\$85,700</u>	<u>\$438</u>
32 <u>\$85,701</u>	<u>\$85,800</u>	<u>\$428</u>
33 <u>\$85,801</u>	<u>\$85,900</u>	<u>\$418</u>
34 <u>\$85,901</u>	<u>\$86,000</u>	<u>\$408</u>
35 <u>\$85,001</u>	<u>\$86,100</u>	<u>\$398</u>
36 <u>\$86,101</u>	<u>\$86,200</u>	<u>\$388</u>

1	<u>\$86,201</u>	<u>\$86,300</u>	<u>\$378</u>
2	<u>\$86,301</u>	<u>\$86,400</u>	<u>\$368</u>
3	<u>\$86,401</u>	<u>\$86,500</u>	<u>\$358</u>
4	<u>\$86,501</u>	<u>\$86,600</u>	<u>\$348</u>
5	<u>\$86,601</u>	<u>\$86,700</u>	<u>\$338</u>
6	<u>\$86,701</u>	<u>\$86,800</u>	<u>\$328</u>
7	<u>\$86,801</u>	<u>\$86,900</u>	<u>\$318</u>
8	<u>\$86,901</u>	<u>\$87,000</u>	<u>\$308</u>
9	<u>\$87,001</u>	<u>\$87,100</u>	<u>\$298</u>
10	<u>\$87,101</u>	<u>\$87,200</u>	<u>\$288</u>
11	<u>\$87,201</u>	<u>\$87,300</u>	<u>\$278</u>
12	<u>\$87,301</u>	<u>\$87,400</u>	<u>\$268</u>
13	<u>\$87,401</u>	<u>\$87,500</u>	<u>\$258</u>
14	<u>\$87,501</u>	<u>\$87,600</u>	<u>\$248</u>
15	<u>\$87,601</u>	<u>\$87,700</u>	<u>\$238</u>
16	<u>\$87,701</u>	<u>\$87,800</u>	<u>\$228</u>
17	<u>\$87,801</u>	<u>\$87,900</u>	<u>\$218</u>
18	<u>\$87,901</u>	<u>\$88,000</u>	<u>\$208</u>
19	<u>\$88,001</u>	<u>\$88,100</u>	<u>\$198</u>
20	<u>\$88,101</u>	<u>\$88,200</u>	<u>\$188</u>
21	<u>\$88,201</u>	<u>\$88,300</u>	<u>\$178</u>
22	<u>\$88,301</u>	<u>\$88,400</u>	<u>\$168</u>
23	<u>\$88,401</u>	<u>\$88,500</u>	<u>\$158</u>
24	<u>\$88,501</u>	<u>\$88,600</u>	<u>\$148</u>
25	<u>\$88,601</u>	<u>\$88,700</u>	<u>\$138</u>
26	<u>\$88,701</u>	<u>\$88,800</u>	<u>\$128</u>
27	<u>\$88,801</u>	<u>\$88,900</u>	<u>\$118</u>
28	<u>\$88,901</u>	<u>\$89,000</u>	<u>\$108</u>
29	<u>\$89,001</u>	<u>\$89,100</u>	<u>\$98</u>
30	<u>\$89,101</u>	<u>\$89,200</u>	<u>\$88</u>
31	<u>\$89,201</u>	<u>\$89,300</u>	<u>\$78</u>
32	<u>\$89,301</u>	<u>\$89,400</u>	<u>\$68</u>
33	<u>\$89,401</u>	<u>\$89,500</u>	<u>\$58</u>
34	<u>\$89,501</u>	<u>\$89,600</u>	<u>\$48</u>
35	<u>\$89,601</u>	<u>\$89,700</u>	<u>\$38</u>
36	<u>\$89,701</u>	<u>\$89,800</u>	<u>\$28</u>

1	<u>\$89,801</u>	<u>\$89,900</u>	<u>\$18</u>
2	<u>\$89,901</u>	<u>\$90,000</u>	<u>\$8</u>
3	<u>\$90,001 and up</u>		<u>\$0</u>

4

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

9	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
10			
11	<u>\$0</u>	<u>\$4,999</u>	<u>0%</u>
12	<u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
13	<u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
14	<u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
15	<u>\$23,600</u>	<u>\$39,699</u>	<u>5%</u>
16	<u>\$39,700</u>	<u>\$84,500</u>	<u>5.1%</u>

17

18 (B) On and after January 1, 2024, 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	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
23			
24	<u>\$0</u>	<u>\$4,300</u>	<u>2%</u>
25	<u>\$4,301</u>	<u>\$8,500</u>	<u>4%</u>
26	<u>\$8,501 and above</u>		<u>5.1%</u>

27

28 (C) For tax years beginning on or after January 1, 2024,
 29 every resident, individual, trust, or estate having net income greater than
 30 or equal to eighty-four thousand five hundred one dollars (\$84,501) but not
 31 greater than eighty-nine thousand four hundred dollars (\$89,400) shall reduce
 32 the amount of income tax due as determined under subdivision (a)(3)(B) of
 33 this section by deducting a bracket adjustment amount in accordance with the
 34 table set forth below:

35	<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket</u>
36			<u>Adjustment</u>

			<u>Amount</u>
1			
2			
3	<u>\$84,501</u>	<u>\$84,600</u>	<u>\$485</u>
4	<u>\$84,601</u>	<u>\$84,700</u>	<u>\$475</u>
5	<u>\$84,701</u>	<u>\$84,800</u>	<u>\$465</u>
6	<u>\$84,801</u>	<u>\$84,900</u>	<u>\$455</u>
7	<u>\$84,901</u>	<u>\$85,000</u>	<u>\$445</u>
8	<u>\$85,001</u>	<u>\$85,100</u>	<u>\$435</u>
9	<u>\$85,101</u>	<u>\$85,200</u>	<u>\$425</u>
10	<u>\$85,201</u>	<u>\$85,300</u>	<u>\$415</u>
11	<u>\$85,301</u>	<u>\$85,400</u>	<u>\$405</u>
12	<u>\$85,401</u>	<u>\$85,500</u>	<u>\$395</u>
13	<u>\$85,501</u>	<u>\$85,600</u>	<u>\$385</u>
14	<u>\$85,601</u>	<u>\$85,700</u>	<u>\$375</u>
15	<u>\$85,701</u>	<u>\$85,800</u>	<u>\$365</u>
16	<u>\$85,801</u>	<u>\$85,900</u>	<u>\$355</u>
17	<u>\$85,901</u>	<u>\$86,000</u>	<u>\$345</u>
18	<u>\$86,001</u>	<u>\$86,100</u>	<u>\$335</u>
19	<u>\$86,101</u>	<u>\$86,200</u>	<u>\$325</u>
20	<u>\$86,201</u>	<u>\$86,300</u>	<u>\$315</u>
21	<u>\$86,301</u>	<u>\$86,400</u>	<u>\$305</u>
22	<u>\$86,401</u>	<u>\$86,500</u>	<u>\$295</u>
23	<u>\$86,501</u>	<u>\$86,600</u>	<u>\$285</u>
24	<u>\$86,601</u>	<u>\$86,700</u>	<u>\$275</u>
25	<u>\$86,701</u>	<u>\$86,800</u>	<u>\$265</u>
26	<u>\$86,801</u>	<u>\$86,900</u>	<u>\$255</u>
27	<u>\$86,901</u>	<u>\$87,000</u>	<u>\$245</u>
28	<u>\$87,001</u>	<u>\$87,100</u>	<u>\$235</u>
29	<u>\$87,101</u>	<u>\$87,200</u>	<u>\$225</u>
30	<u>\$87,201</u>	<u>\$87,300</u>	<u>\$215</u>
31	<u>\$87,301</u>	<u>\$87,400</u>	<u>\$205</u>
32	<u>\$87,401</u>	<u>\$87,500</u>	<u>\$195</u>
33	<u>\$87,501</u>	<u>\$87,600</u>	<u>\$185</u>
34	<u>\$87,601</u>	<u>\$87,700</u>	<u>\$175</u>
35	<u>\$87,701</u>	<u>\$87,800</u>	<u>\$165</u>
36	<u>\$87,801</u>	<u>\$87,900</u>	<u>\$155</u>

1	<u>\$87,901</u>	<u>\$88,000</u>	<u>\$145</u>
2	<u>\$88,001</u>	<u>\$88,100</u>	<u>\$135</u>
3	<u>\$88,101</u>	<u>\$88,200</u>	<u>\$125</u>
4	<u>\$88,201</u>	<u>\$88,300</u>	<u>\$115</u>
5	<u>\$88,301</u>	<u>\$88,400</u>	<u>\$105</u>
6	<u>\$88,401</u>	<u>\$88,500</u>	<u>\$95</u>
7	<u>\$88,501</u>	<u>\$88,600</u>	<u>\$85</u>
8	<u>\$88,601</u>	<u>\$88,700</u>	<u>\$75</u>
9	<u>\$88,701</u>	<u>\$88,800</u>	<u>\$65</u>
10	<u>\$88,801</u>	<u>\$88,900</u>	<u>\$55</u>
11	<u>\$88,901</u>	<u>\$89,000</u>	<u>\$45</u>
12	<u>\$89,001</u>	<u>\$89,100</u>	<u>\$35</u>
13	<u>\$89,101</u>	<u>\$89,200</u>	<u>\$25</u>
14	<u>\$89,201</u>	<u>\$89,300</u>	<u>\$15</u>
15	<u>\$89,301</u>	<u>\$89,400</u>	<u>\$5</u>
16	<u>\$89,401 and up</u>		<u>\$0</u>

17

18 (D) If, on or after July 1, 2022, but before January 1,
 19 2024, funds are transferred from the Catastrophic Reserve Fund, then:

20 (i) Subdivisions (a)(3)(A)-(C) and (a)(4)(A)-(C) of
 21 this section shall not take effect; and

22 (ii) For tax years beginning on and after January 1,
 23 2024, every resident, individual, trust, or estate shall determine the amount
 24 of income tax due under this subsection in accordance with the tables set
 25 forth in subdivision (a)(2) of this section.

26 (4)(A) On and after January 1, 2025, every resident, individual,
 27 trust, or estate having net income less than or equal to eighty-four thousand
 28 five hundred dollars (\$84,500) shall determine the amount of income tax due
 29 under this subsection in accordance with the table set forth below:

30	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
31			
32	<u>\$0</u>	<u>\$4,999</u>	<u>0%</u>
33	<u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
34	<u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
35	<u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
36	<u>\$23,600</u>	<u>\$84,500</u>	<u>4.9%</u>

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(B) On and after January 1, 2025, every resident, individual, trust, or estate having net income greater than eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income 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>
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501 and above		4.9%

(C) For tax years beginning on or after January 1, 2025, every resident, individual, trust, or estate having net income greater than or equal to eighty-four thousand five hundred one dollars (\$84,501) but not greater than eighty-eight thousand nine hundred dollars (\$88,900) shall reduce the amount of income tax due as determined under subdivision (a)(5)(B) 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>
\$84,501	\$84,600	\$439
\$84,601	\$84,700	\$429
\$84,701	\$84,800	\$419
\$84,801	\$84,900	\$409
\$84,901	\$85,000	\$399
\$85,001	\$85,100	\$389
\$85,101	\$85,200	\$379
\$85,201	\$85,300	\$369
\$85,301	\$85,400	\$359
\$85,401	\$85,500	\$349
\$85,501	\$85,600	\$339
\$85,601	\$85,700	\$329
\$85,701	\$85,800	\$319
\$85,801	\$85,900	\$309

1	<u>\$85,901</u>	<u>\$86,000</u>	<u>\$299</u>
2	<u>\$86,001</u>	<u>\$86,100</u>	<u>\$289</u>
3	<u>\$86,101</u>	<u>\$86,200</u>	<u>\$279</u>
4	<u>\$86,201</u>	<u>\$86,300</u>	<u>\$269</u>
5	<u>\$86,301</u>	<u>\$86,400</u>	<u>\$259</u>
6	<u>\$86,401</u>	<u>\$86,500</u>	<u>\$249</u>
7	<u>\$86,501</u>	<u>\$86,600</u>	<u>\$239</u>
8	<u>\$86,601</u>	<u>\$86,700</u>	<u>\$229</u>
9	<u>\$86,701</u>	<u>\$86,800</u>	<u>\$219</u>
10	<u>\$86,801</u>	<u>\$86,900</u>	<u>\$209</u>
11	<u>\$86,901</u>	<u>\$87,000</u>	<u>\$199</u>
12	<u>\$87,001</u>	<u>\$87,100</u>	<u>\$189</u>
13	<u>\$87,101</u>	<u>\$87,200</u>	<u>\$179</u>
14	<u>\$87,201</u>	<u>\$87,300</u>	<u>\$169</u>
15	<u>\$87,301</u>	<u>\$87,400</u>	<u>\$159</u>
16	<u>\$87,401</u>	<u>\$87,500</u>	<u>\$149</u>
17	<u>\$87,501</u>	<u>\$87,600</u>	<u>\$139</u>
18	<u>\$87,601</u>	<u>\$87,700</u>	<u>\$129</u>
19	<u>\$87,701</u>	<u>\$87,800</u>	<u>\$119</u>
20	<u>\$87,801</u>	<u>\$87,900</u>	<u>\$109</u>
21	<u>\$87,901</u>	<u>\$88,000</u>	<u>\$99</u>
22	<u>\$88,001</u>	<u>\$88,100</u>	<u>\$89</u>
23	<u>\$88,101</u>	<u>\$88,200</u>	<u>\$79</u>
24	<u>\$88,201</u>	<u>\$88,300</u>	<u>\$69</u>
25	<u>\$88,301</u>	<u>\$88,400</u>	<u>\$59</u>
26	<u>\$88,401</u>	<u>\$88,500</u>	<u>\$49</u>
27	<u>\$88,501</u>	<u>\$88,600</u>	<u>\$39</u>
28	<u>\$88,601</u>	<u>\$88,700</u>	<u>\$29</u>
29	<u>\$88,701</u>	<u>\$88,800</u>	<u>\$19</u>
30	<u>\$88,801</u>	<u>\$88,900</u>	<u>\$9</u>
31	<u>\$88,901 and up</u>		<u>\$0</u>

32

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

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

1 (ii) For tax years beginning on and after January 1,
2 2025, every resident, individual, trust, or estate shall determine the amount
3 of income tax due under this subsection in accordance with the tables set
4 forth in subdivision (a)(3) of this section.

5 ~~(1)~~(5) The tables set forth in subdivisions (a)(1)-~~(10)~~(4) of
6 this section shall be adjusted annually in accordance with the method set
7 forth in subsection (d) of this section.

8
9 SECTION 6. Arkansas Code § 26-51-205(a), concerning the rate of tax
10 levied on corporations organized under the laws of this state, is amended to
11 add additional subdivisions to read as follows:

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

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

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

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

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

25 (E) On net income exceeding twenty-five thousand dollars
26 (\$25,000), five and seven-tenths percent (5.7%).

27 (5)(A) Except as provided in subdivision (a)(5)(B) of this
28 section, for tax years beginning on or after January 1, 2024, every
29 corporation organized under the laws of this state shall pay annually an
30 income tax with respect to carrying on or doing business on the entire net
31 income of the corporation, as now defined by the laws of this state, received
32 by the corporation during the income year, on the following basis:

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

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

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

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

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

7 (B) If, on or after July 1, 2022, but before January 1,
8 2024, funds are transferred from the Catastrophic Reserve Fund, then:

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

11 (ii) For tax years beginning on and after January 1,
12 2024, every corporation organized under the laws of this state shall pay
13 annually an income tax with respect to carrying on or doing business on the
14 entire net income of the corporation, as now defined by the laws of this
15 state, received by the corporation during the income year as provided under
16 subdivision (a)(4) of this section.

17 (6)(A) Except as provided in subdivisions (a)(5)(B) and
18 (a)(6)(B) of this section, for tax years beginning on or after January 1,
19 2025, every corporation organized under the laws of this state shall pay
20 annually an income tax with respect to carrying on or doing business on the
21 entire net income of the corporation, as now defined by the laws of this
22 state, received by the corporation during the income year, on the following
23 basis:

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

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

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

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

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

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

1 (i) Subdivision (a)(6)(A) of this section shall not
2 take effect; and

3 (ii) For tax years beginning on and after January 1,
4 2025, every corporation organized under the laws of this state shall pay
5 annually an income tax with respect to carrying on or doing business on the
6 entire net income of the corporation, as now defined by the laws of this
7 state received by the corporation during the income year as provided under
8 subdivision (a)(5) of this section.

9
10 SECTION 7. Arkansas Code § 26-51-205(b), concerning the rate of tax
11 levied on foreign corporations doing business in this state, is amended to
12 add additional subdivisions to read as follows:

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

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

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

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

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

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

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

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

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

36 (iii) On the next five thousand dollars (\$5,000) of

1 net income or any part thereof, three percent (3%);

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

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

6 (B) If, on or after July 1, 2022, but before January 1,
7 2024, funds are transferred from the Catastrophic Reserve Fund, then:

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

10 (ii) For tax years beginning on and after January 1,
11 2024, every corporation organized under the laws of this state shall pay
12 annually an income tax with respect to carrying on or doing business on the
13 entire net income of the corporation, as now defined by the laws of this
14 state, received by the corporation during the income year as provided under
15 subdivision (a)(4) of this section.

16 (6)(A) Except as provided in subdivisions (a)(5)(B) and
17 (a)(6)(B) of this section, for tax years beginning on or after January 1,
18 2025, every corporation organized under the laws of this state shall pay
19 annually an income tax with respect to carrying on or doing business on the
20 entire net income of the corporation, as now defined by the laws of this
21 state, received by the corporation during the income year, on the following
22 basis:

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

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

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

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

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

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

36 (i) Subdivision (a)(6)(A) of this section shall not

1 take effect; and

2 (ii) For tax years beginning on and after January 1,
3 2025, every corporation organized under the laws of this state shall pay
4 annually an income tax with respect to carrying on or doing business on the
5 entire net income of the corporation, as now defined by the laws of this
6 state, received by the corporation during the income year as provided under
7 subdivision (a)(5) of this section.

8
9 SECTION 8. Arkansas Code § 26-51-404(b)(34)(A), concerning exclusions
10 from gross income, is amended to read as follows:

11 (34)(A) Payments received under the Coronavirus Food Assistance
12 Program 1 or Coronavirus Food Assistance Program 2, described in 7 C.F.R.
13 Part 9, as it existed on January 19, 2021, or under any successor program or
14 programs.

15
16 SECTION 9. Arkansas Code § 26-51-430, concerning the standard income
17 tax deduction, is amended to add an additional subsection to read as follows:

18 (c)(1) The Secretary of the Department of Finance and Administration
19 shall increase annually the standard deduction provided under subsection (b)
20 of this section by the cost-of-living adjustment for the current calendar
21 year, rounding the amount to the nearest ten dollars (\$10.00).

22 (2)(A)(i) For purposes of subdivision (c)(1) of this section,
23 the cost-of-living adjustment for a calendar year is the percentage, if any,
24 by which the Consumer Price Index for the current calendar year exceeds the
25 Consumer Price Index for the preceding calendar year, not to exceed three
26 percent (3%).

27 (ii) If the Consumer Price Index for the current
28 calendar year does not exceed the Consumer Price Index for the preceding
29 calendar year, the standard deduction shall not be adjusted under this
30 subsection for that year.

31 (B) The Consumer Price Index for a calendar year is the
32 average of the Consumer Price Index as of the close of the twelve-month
33 period ending on August 31 of that calendar year.

34 (C) As used in this subsection, "Consumer Price Index"
35 means the most recent Consumer Price Index for all Urban Consumers published
36 by the United States Department of Labor.

SECTION 10. Arkansas Code § 26-51-501(a), concerning personal tax credits, is amended to add an additional subdivision to read as follows:

(6)(A) An individual taxpayer having net income up to twenty-four thousand seven hundred dollars (\$24,700) who timely files a tax return is allowed an income tax credit against the income tax imposed by this chapter in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Credit Amount</u>
<u>\$0</u>	<u>\$23,600</u>	<u>\$60</u>
<u>\$23,601</u>	<u>\$23,700</u>	<u>\$55</u>
<u>\$23,701</u>	<u>\$23,800</u>	<u>\$50</u>
<u>\$23,801</u>	<u>\$23,900</u>	<u>\$45</u>
<u>\$23,901</u>	<u>\$24,000</u>	<u>\$40</u>
<u>\$24,001</u>	<u>\$24,100</u>	<u>\$35</u>
<u>\$24,101</u>	<u>\$24,200</u>	<u>\$30</u>
<u>\$24,201</u>	<u>\$24,300</u>	<u>\$25</u>
<u>\$24,301</u>	<u>\$24,400</u>	<u>\$20</u>
<u>\$24,401</u>	<u>\$24,500</u>	<u>\$15</u>
<u>\$24,501</u>	<u>\$24,600</u>	<u>\$10</u>
<u>\$24,601</u>	<u>\$24,700</u>	<u>\$5</u>
<u>\$24,701 and up</u>		<u>\$0</u>

(B) The amount of the income tax credit under subdivision (a)(6)(A) of this section that may be claimed by the taxpayer in a tax year shall not exceed the amount of income tax due by the taxpayer.

(C) The table in subdivision (a)(6)(A) of this section shall be adjusted annually in accordance with the method set forth in § 26-51-201(d).

SECTION 11. Arkansas Code § 26-65-103(b)(1)(A), concerning income tax due under the Elective Pass-Through Entity Tax Act effective on January 1, 2022, is amended to read as follows:

(b)(1)(A) Except as provided in subdivision (b)(1)(B) of this section, a tax of five and nine tenths percent (5.9%) equal to the top marginal income-tax rate under § 26-51-201(a) is levied on the net taxable income of

1 an affected business entity, as determined under Chapter 51 of this title,
2 including any applicable basis adjustments, to the extent that the income is
3 reported to the secretary as business income derived from the affected
4 business entity.

5
6 SECTION 12. DO NOT CODIFY – TEMPORARY LANGUAGE.

7 (a) By January 5, 2024, the Secretary of the Department of Finance and
8 Administration shall notify the public and the Bureau of Legislative Research
9 about whether or not the following have taken effect:

10 (1) Section 26-51-201(a)(3);

11 (2) Section 26-51-205(a)(5); and

12 (3) Section 26-51-205(b)(5).

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

16 (1) Section 26-51-201(a)(4);

17 (2) Section 26-51-205(a)(6); and

18 (3) Section 26-51-205(b)(6).

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

21
22 SECTION 13. EFFECTIVE DATE. Sections 5, 6, 7, 9, 10, and 11 of this
23 act are effective for tax years beginning on or after January 1, 2022.

24
25 SECTION 14. EMERGENCY CLAUSE. It is found and determined by the
26 General Assembly of the State of Arkansas that this act would create
27 significant changes to the state's income tax laws; that this act would
28 create significant changes to the fiscal policy of the state; that taxpayers
29 and employers plan to meet their obligations on a calendar-year basis; and
30 that this act is immediately necessary to ensure the financial stability of
31 the state, to allow taxpayers and employers time both to plan for and to
32 implement the changes in law created by this act, and to ensure that the
33 Department of Finance and Administration has sufficient time to update its
34 forms and software and train its personnel in accordance with this act.
35 Therefore, an emergency is declared to exist, and this act being immediately
36 necessary for the preservation of the public peace, health, and safety shall

1 become effective on:

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

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

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

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