

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

A Bill

Call Item 1
SENATE BILL 8

5 By: Senator Rapert
6

For An Act To Be Entitled

8 AN ACT TO PROVIDE FOR INCOME TAX REDUCTIONS THAT
9 PRESERVE THE STATE'S ABILITY TO BUILD AND MAINTAIN
10 RESERVE FUNDS AND ENSURE FINANCIAL SECURITY; TO AMEND
11 THE INCOME TAX BRACKETS AND RATES FOR INDIVIDUALS; TO
12 AMEND THE INCOME TAX RATES FOR CORPORATIONS IF
13 CERTAIN CONDITIONS RELATED TO THE STATE'S RESERVE
14 FUNDS ARE MET; TO CHANGE THE NAME OF THE LONG TERM
15 RESERVE FUND AND ENSURE IT IS ADEQUATELY FUNDED; TO
16 CREATE AN INCOME TAX CREDIT FOR CERTAIN TAXPAYERS; TO
17 INDEX THE STANDARD DEDUCTION TO THE CONSUMER PRICE
18 INDEX; TO CREATE AN INCOME TAX CREDIT FOR CERTAIN
19 FULL-TIME LAW ENFORCEMENT OFFICERS; TO DECLARE AN
20 EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

21
22
23 TO AMEND THE STATE INCOME TAX; TO CHANGE
24 THE NAME AND FUNDING OF THE LONG TERM
25 RESERVE FUND; TO CREATE AN INCOME TAX
26 CREDIT FOR CERTAIN FULL-TIME LAW
27 ENFORCEMENT OFFICERS; AND TO DECLARE AN
28 EMERGENCY.
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31
32 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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34 SECTION 1. Arkansas Code § 19-5-406 is amended to read as follows:
35 19-5-406. Transfer of remaining revenues.

36 (a) After making the maximum annual allocation as provided for in §



1 19-5-402+,

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

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

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

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

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

27 (3) If it is determined that the balance of the Catastrophic
28 Reserve Fund exceeds twenty percent (20%) of the total amount of general
29 revenue funds last distributed under § 19-5-402, the amount in excess shall
30 remain in the Catastrophic Reserve Fund unless the General Assembly directs
31 otherwise.

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

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

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

SECTION 3. Arkansas Code § 19-6-486 is amended to read as follows:
19-6-486. ~~Long-Term~~ Catastrophic Reserve Fund.

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

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

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

(d)(1) After determining the estimated amount of general revenue that will be available for allocation to the state agencies under the Revenue Stabilization Law, § 19-5-101 et seq., and after making the determination required by § 19-5-1227(c) and prior to making any transfers deemed necessary by the Chief Fiscal Officer of the State in § 19-5-1227(d), the Chief Fiscal Officer of the State may transfer funds from the ~~Long-Term~~ Catastrophic Reserve Fund in the event a "revenue shortfall" exists to meet the state's financial obligation to provide an adequate educational system for the state and to provide for the effective operation of state government. In the event the Chief Fiscal Officer of the State determines that a "revenue shortfall" exists as defined as a circumstance when the official forecast of gross general revenue certified by the Chief Fiscal Officer of the State is projected to increase less than three percent (3%) over and above the gross general revenue collections of the previous fiscal year due to changes in economic conditions, ~~he or she~~ the Chief Fiscal Officer of the State may then transfer funds from the ~~Long-Term~~ Catastrophic Reserve Fund, as approved by a vote of at least two-thirds (2/3) of the members of the Legislative Council or

1 at least two-thirds (2/3) of the members of the Joint Budget Committee, to
2 various funds and fund accounts, as deemed necessary, in the Revenue
3 Stabilization Law, § 19-5-101 et seq., for the purpose of meeting
4 unanticipated shortfalls in state general revenue.

5 (2) Or the Chief Fiscal Officer of the State may transfer funds
6 from the ~~Long-Term~~ Catastrophic Reserve Fund to the Economic Development
7 Superprojects Project Fund for projects authorized under Arkansas
8 Constitution, Amendment 82, as approved by the Governor and at least two-
9 thirds (2/3) of the members of the Legislative Council or at least two-thirds
10 (2/3) of the members of the Joint Budget Committee.

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

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

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

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

29 (C) A statement certifying that no other funds are
30 available that could be transferred in lieu of the funds in the ~~Long-Term~~
31 Catastrophic Reserve Fund.

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

36 (4)(A) The Chief Fiscal Officer of the State, after having

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

8 (B) In no event shall the amounts transferred in any
 9 fiscal year to the funds and fund accounts in the Revenue Stabilization Law,
 10 § 19-5-101 et seq., by this section cause the general revenues to exceed the
 11 maximum allocations authorized in the Revenue Stabilization Law, § 19-5-101
 12 et seq.

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

32 ~~(g) During each fiscal year, after the provisions of § 19-5-1004(b)(2)~~
 33 ~~are complied with, the Chief Fiscal Officer of the State shall replenish the~~
 34 ~~Long Term Reserve Fund by transferring no more than fifty percent (50%) of~~
 35 ~~the balance in the General Revenue Allotment Reserve Fund or an amount equal~~
 36 ~~to all transfers made under this section during the fiscal year immediately~~

1 preceding the fiscal year in which such replenishment is made under this
2 section, whichever is less, to the Long Term Reserve Fund.

3
4 SECTION 4. Arkansas Code § 26-26-310(b)(2)(D)(iii)(b), concerning the
5 certification of the amount of property tax reduction, is amended to read as
6 follows:

7 (b) Except as provided in subdivision
8 (b)(2)(D)(iii)(a) of this section, the revenues credited to the Property Tax
9 Relief Trust Fund in excess of the amount determined under subdivision
10 (b)(2)(D)(ii) of this section shall be transferred from the Property Tax
11 Relief Trust Fund to the Long Term Catastrophic Reserve Fund.

12
13 SECTION 5. Arkansas Code § 26-51-201(a), concerning the rate of tax
14 levied on the income of individuals, trusts, and estates, is amended to read
15 as follows:

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

22 ~~(1) On the first four thousand two hundred ninety nine dollars~~
23 ~~(\$4,299) of net income or any part thereof, nine tenths percent (0.9%);~~

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

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

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

30 ~~(5) On the next fourteen thousand one hundred dollars (\$14,100)~~
31 ~~of net income or any part thereof, six percent (6%);~~

32 ~~(6) On net income of thirty five thousand one hundred dollars~~
33 ~~(\$35,100) and above, seven percent (7%);~~

34 ~~(7) Every resident, individual, trust, or estate having net~~
35 ~~income greater than or equal to twenty two thousand two hundred dollars~~
36 ~~(\$22,200), but less than or equal to seventy nine thousand three hundred~~

1 dollars (\$79,300), shall determine the amount of income tax due under this
2 subsection in accordance with the table set forth below:

3 From	Less Than or Equal To	Rate
4		
5 \$0	\$4,499	0.75%
6 \$4,500	\$8,899	2.5%
7 \$8,900	\$13,399	3.5%
8 \$13,400	\$22,199	4.5%
9 \$22,200	\$37,199	5%
10 \$37,200	\$79,300	5.9%

11
12 ~~(8) Every resident, individual, trust, or estate having net~~
13 ~~income of less than twenty-two thousand two hundred dollars (\$22,200) shall~~
14 ~~determine the amount of income tax due under this subsection in accordance~~
15 ~~with the table set forth below:~~

16 From	Less Than or Equal To	Rate
17		
18 \$0	\$4,499	0%
19 \$4,500	\$8,899	2%
20 \$8,900	\$13,399	3%
21 \$13,400	\$22,199	3.4%

22
23 ~~(9)(A) For the tax year beginning January 1, 2020, every~~
24 ~~resident, individual, trust, or estate having net income of more than~~
25 ~~seventy-nine thousand three hundred dollars (\$79,300) shall determine the~~
26 ~~amount of income tax due under this subsection in accordance with the table~~
27 ~~set forth below:~~

28 From	Less Than or Equal To	Rate
29		
30 \$0	\$4,000	2%
31 \$4,001	\$8,000	4%
32 \$8,001	\$79,300	5.9%
33 \$79,301 and above		6.6%

34
35 ~~(B) For tax years beginning on and after January 1, 2021,~~
36 ~~every resident, individual, trust, or estate having net income of more than~~

1 ~~seventy nine thousand three hundred dollars (\$79,300) shall determine the~~
 2 ~~amount of income tax due under this subsection in accordance with the table~~
 3 ~~set forth below:~~

4 From	Less Than or Equal To	Rate
5 \$0	\$4,000	2%
6 \$4,001	\$8,000	4%
7 \$8,001 and above		5.9%

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

16 From	Less Than or Equal To	Bracket- Adjustment 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
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 27 (1)(A) On and after January 1, 2022, every resident, individual,
 28 trust, or estate having net income less than or equal to eighty-four thousand
 29 five hundred dollars (\$84,500) shall determine the amount of income tax due
 30 under this subsection in accordance with the table set forth below:

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

1	<u>\$23,600</u>	<u>\$39,699</u>	<u>5%</u>
2	<u>\$39,700</u>	<u>\$84,500</u>	<u>5.5%</u>

3

4 (B) On and after January 1, 2022, every resident,
 5 individual, trust, or estate having net income greater than eighty-four
 6 thousand five hundred dollars (\$84,500) shall determine the amount of income
 7 tax due under this subsection in accordance with the table set forth below:

8	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
9			
10	<u>\$0</u>	<u>\$4,300</u>	<u>2%</u>
11	<u>\$4,301</u>	<u>\$8,500</u>	<u>4%</u>
12	<u>\$8,501 and above</u>		<u>5.5%</u>

13

14 (C) For tax years beginning on or after January 1, 2022,
 15 every resident, individual, trust, or estate having net income greater than
 16 or equal to eighty-four thousand five hundred one dollars (\$84,501) but not
 17 greater than ninety thousand six hundred dollars (\$90,600) shall reduce the
 18 amount of income tax due as determined under subdivision (a)(1)(B) of this
 19 section by deducting a bracket adjustment amount in accordance with the table
 20 set forth below:

21	<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket</u>
22			<u>Adjustment</u>
23			<u>Amount</u>
24			
25	<u>\$84,501</u>	<u>\$84,600</u>	<u>\$610</u>
26	<u>\$84,601</u>	<u>\$84,700</u>	<u>\$600</u>
27	<u>\$84,701</u>	<u>\$84,800</u>	<u>\$590</u>
28	<u>\$84,801</u>	<u>\$84,900</u>	<u>\$580</u>
29	<u>\$84,901</u>	<u>\$85,000</u>	<u>\$570</u>
30	<u>\$85,001</u>	<u>\$85,100</u>	<u>\$560</u>
31	<u>\$85,101</u>	<u>\$85,200</u>	<u>\$550</u>
32	<u>\$85,201</u>	<u>\$85,300</u>	<u>\$540</u>
33	<u>\$85,301</u>	<u>\$85,400</u>	<u>\$530</u>
34	<u>\$85,401</u>	<u>\$85,500</u>	<u>\$520</u>
35	<u>\$85,501</u>	<u>\$85,600</u>	<u>\$510</u>
36	<u>\$85,601</u>	<u>\$85,700</u>	<u>\$500</u>

1	<u>\$85,701</u>	<u>\$85,800</u>	<u>\$490</u>
2	<u>\$85,801</u>	<u>\$85,900</u>	<u>\$480</u>
3	<u>\$85,901</u>	<u>\$86,000</u>	<u>\$470</u>
4	<u>\$86,001</u>	<u>\$86,100</u>	<u>\$460</u>
5	<u>\$86,101</u>	<u>\$86,200</u>	<u>\$450</u>
6	<u>\$86,201</u>	<u>\$86,300</u>	<u>\$440</u>
7	<u>\$86,301</u>	<u>\$86,400</u>	<u>\$430</u>
8	<u>\$86,401</u>	<u>\$86,500</u>	<u>\$420</u>
9	<u>\$86,501</u>	<u>\$86,600</u>	<u>\$410</u>
10	<u>\$86,601</u>	<u>\$86,700</u>	<u>\$400</u>
11	<u>\$86,701</u>	<u>\$86,800</u>	<u>\$390</u>
12	<u>\$86,801</u>	<u>\$86,900</u>	<u>\$380</u>
13	<u>\$86,901</u>	<u>\$87,000</u>	<u>\$370</u>
14	<u>\$87,001</u>	<u>\$87,100</u>	<u>\$360</u>
15	<u>\$87,101</u>	<u>\$87,200</u>	<u>\$350</u>
16	<u>\$87,201</u>	<u>\$87,300</u>	<u>\$340</u>
17	<u>\$87,301</u>	<u>\$87,400</u>	<u>\$330</u>
18	<u>\$87,401</u>	<u>\$87,500</u>	<u>\$320</u>
19	<u>\$87,501</u>	<u>\$87,600</u>	<u>\$310</u>
20	<u>\$87,601</u>	<u>\$87,700</u>	<u>\$300</u>
21	<u>\$87,701</u>	<u>\$87,800</u>	<u>\$290</u>
22	<u>\$87,801</u>	<u>\$87,900</u>	<u>\$280</u>
23	<u>\$87,901</u>	<u>\$88,000</u>	<u>\$270</u>
24	<u>\$88,001</u>	<u>\$88,100</u>	<u>\$260</u>
25	<u>\$88,101</u>	<u>\$88,200</u>	<u>\$250</u>
26	<u>\$88,201</u>	<u>\$88,300</u>	<u>\$240</u>
27	<u>\$88,301</u>	<u>\$88,400</u>	<u>\$230</u>
28	<u>\$88,401</u>	<u>\$88,500</u>	<u>\$220</u>
29	<u>\$88,501</u>	<u>\$88,600</u>	<u>\$210</u>
30	<u>\$88,601</u>	<u>\$88,700</u>	<u>\$200</u>
31	<u>\$88,701</u>	<u>\$88,800</u>	<u>\$190</u>
32	<u>\$88,801</u>	<u>\$88,900</u>	<u>\$180</u>
33	<u>\$88,901</u>	<u>\$89,000</u>	<u>\$170</u>
34	<u>\$89,001</u>	<u>\$89,100</u>	<u>\$160</u>
35	<u>\$89,101</u>	<u>\$89,200</u>	<u>\$150</u>
36	<u>\$89,201</u>	<u>\$89,300</u>	<u>\$140</u>

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

15

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

20	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
21			
22	<u>\$0</u>	<u>\$4,999</u>	<u>0%</u>
23	<u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
24	<u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
25	<u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
26	<u>\$23,600</u>	<u>\$39,699</u>	<u>5%</u>
27	<u>\$39,700</u>	<u>\$84,500</u>	<u>5.3%</u>

28

29 (B) On and after January 1, 2023, every resident,
 30 individual, trust, or estate having net income greater than eighty-four
 31 thousand five hundred dollars (\$84,500) shall determine the amount of income
 32 tax due under this subsection in accordance with the table set forth below:

33	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
34			
35	<u>\$0</u>	<u>\$4,300</u>	<u>2%</u>
36	<u>\$4,301</u>	<u>\$8,500</u>	<u>4%</u>

1 \$8,501 and above 5.3%

2

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

10	<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket</u>
11			<u>Adjustment</u>
12			<u>Amount</u>
13			
14	<u>\$84,501</u>	<u>\$84,600</u>	<u>\$548</u>
15	<u>\$84,601</u>	<u>\$84,700</u>	<u>\$538</u>
16	<u>\$84,701</u>	<u>\$84,800</u>	<u>\$528</u>
17	<u>\$84,801</u>	<u>\$84,900</u>	<u>\$518</u>
18	<u>\$84,901</u>	<u>\$85,000</u>	<u>\$508</u>
19	<u>\$85,001</u>	<u>\$85,100</u>	<u>\$498</u>
20	<u>\$85,101</u>	<u>\$85,200</u>	<u>\$488</u>
21	<u>\$85,201</u>	<u>\$85,300</u>	<u>\$478</u>
22	<u>\$85,301</u>	<u>\$85,400</u>	<u>\$468</u>
23	<u>\$85,401</u>	<u>\$85,500</u>	<u>\$458</u>
24	<u>\$85,501</u>	<u>\$85,600</u>	<u>\$448</u>
25	<u>\$85,601</u>	<u>\$85,700</u>	<u>\$438</u>
26	<u>\$85,701</u>	<u>\$85,800</u>	<u>\$428</u>
27	<u>\$85,801</u>	<u>\$85,900</u>	<u>\$418</u>
28	<u>\$85,901</u>	<u>\$86,000</u>	<u>\$408</u>
29	<u>\$85,001</u>	<u>\$86,100</u>	<u>\$398</u>
30	<u>\$86,101</u>	<u>\$86,200</u>	<u>\$388</u>
31	<u>\$86,201</u>	<u>\$86,300</u>	<u>\$378</u>
32	<u>\$86,301</u>	<u>\$86,400</u>	<u>\$368</u>
33	<u>\$86,401</u>	<u>\$86,500</u>	<u>\$358</u>
34	<u>\$86,501</u>	<u>\$86,600</u>	<u>\$348</u>
35	<u>\$86,601</u>	<u>\$86,700</u>	<u>\$338</u>
36	<u>\$86,701</u>	<u>\$86,800</u>	<u>\$328</u>

1	<u>\$86,801</u>	<u>\$86,900</u>	<u>\$318</u>
2	<u>\$86,901</u>	<u>\$87,000</u>	<u>\$308</u>
3	<u>\$87,001</u>	<u>\$87,100</u>	<u>\$298</u>
4	<u>\$87,101</u>	<u>\$87,200</u>	<u>\$288</u>
5	<u>\$87,201</u>	<u>\$87,300</u>	<u>\$278</u>
6	<u>\$87,301</u>	<u>\$87,400</u>	<u>\$268</u>
7	<u>\$87,401</u>	<u>\$87,500</u>	<u>\$258</u>
8	<u>\$87,501</u>	<u>\$87,600</u>	<u>\$248</u>
9	<u>\$87,601</u>	<u>\$87,700</u>	<u>\$238</u>
10	<u>\$87,701</u>	<u>\$87,800</u>	<u>\$228</u>
11	<u>\$87,801</u>	<u>\$87,900</u>	<u>\$218</u>
12	<u>\$87,901</u>	<u>\$88,000</u>	<u>\$208</u>
13	<u>\$88,001</u>	<u>\$88,100</u>	<u>\$198</u>
14	<u>\$88,101</u>	<u>\$88,200</u>	<u>\$188</u>
15	<u>\$88,201</u>	<u>\$88,300</u>	<u>\$178</u>
16	<u>\$88,301</u>	<u>\$88,400</u>	<u>\$168</u>
17	<u>\$88,401</u>	<u>\$88,500</u>	<u>\$158</u>
18	<u>\$88,501</u>	<u>\$88,600</u>	<u>\$148</u>
19	<u>\$88,601</u>	<u>\$88,700</u>	<u>\$138</u>
20	<u>\$88,701</u>	<u>\$88,800</u>	<u>\$128</u>
21	<u>\$88,801</u>	<u>\$88,900</u>	<u>\$118</u>
22	<u>\$88,901</u>	<u>\$89,000</u>	<u>\$108</u>
23	<u>\$89,001</u>	<u>\$89,100</u>	<u>\$98</u>
24	<u>\$89,101</u>	<u>\$89,200</u>	<u>\$88</u>
25	<u>\$89,201</u>	<u>\$89,300</u>	<u>\$78</u>
26	<u>\$89,301</u>	<u>\$89,400</u>	<u>\$68</u>
27	<u>\$89,401</u>	<u>\$89,500</u>	<u>\$58</u>
28	<u>\$89,501</u>	<u>\$89,600</u>	<u>\$48</u>
29	<u>\$89,601</u>	<u>\$89,700</u>	<u>\$38</u>
30	<u>\$89,701</u>	<u>\$89,800</u>	<u>\$28</u>
31	<u>\$89,801</u>	<u>\$89,900</u>	<u>\$18</u>
32	<u>\$89,901</u>	<u>\$90,000</u>	<u>\$8</u>
33	<u>\$90,001 and up</u>		<u>\$0</u>

34

35 (3)(A) On and after January 1, 2024, every resident, individual,
36 trust, or estate having net income less than or equal to eighty-four thousand

1 five hundred dollars (\$84,500) shall determine the amount of income tax due
 2 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>\$4,999</u>	<u>0%</u>
6 <u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
7 <u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
8 <u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
9 <u>\$23,600</u>	<u>\$39,699</u>	<u>5%</u>
10 <u>\$39,700</u>	<u>\$84,500</u>	<u>5.1%</u>

11

12 (B) On and after January 1, 2024, every resident,
 13 individual, trust, or estate having net income greater than eighty-four
 14 thousand five hundred dollars (\$84,500) shall determine the amount of income
 15 tax due under this subsection in accordance with the table set forth below:

16 <u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
17		
18 <u>\$0</u>	<u>\$4,300</u>	<u>2%</u>
19 <u>\$4,301</u>	<u>\$8,500</u>	<u>4%</u>
20 <u>\$8,501 and above</u>		<u>5.1%</u>

21

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

29 <u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket</u>
30		<u>Adjustment</u>
31		<u>Amount</u>
32		
33 <u>\$84,501</u>	<u>\$84,600</u>	<u>\$485</u>
34 <u>\$84,601</u>	<u>\$84,700</u>	<u>\$475</u>
35 <u>\$84,701</u>	<u>\$84,800</u>	<u>\$465</u>
36 <u>\$84,801</u>	<u>\$84,900</u>	<u>\$455</u>

1	<u>\$84,901</u>	<u>\$85,000</u>	<u>\$445</u>
2	<u>\$85,001</u>	<u>\$85,100</u>	<u>\$435</u>
3	<u>\$85,101</u>	<u>\$85,200</u>	<u>\$425</u>
4	<u>\$85,201</u>	<u>\$85,300</u>	<u>\$415</u>
5	<u>\$85,301</u>	<u>\$85,400</u>	<u>\$405</u>
6	<u>\$85,401</u>	<u>\$85,500</u>	<u>\$395</u>
7	<u>\$85,501</u>	<u>\$85,600</u>	<u>\$385</u>
8	<u>\$85,601</u>	<u>\$85,700</u>	<u>\$375</u>
9	<u>\$85,701</u>	<u>\$85,800</u>	<u>\$365</u>
10	<u>\$85,801</u>	<u>\$85,900</u>	<u>\$355</u>
11	<u>\$85,901</u>	<u>\$86,000</u>	<u>\$345</u>
12	<u>\$86,001</u>	<u>\$86,100</u>	<u>\$335</u>
13	<u>\$86,101</u>	<u>\$86,200</u>	<u>\$325</u>
14	<u>\$86,201</u>	<u>\$86,300</u>	<u>\$315</u>
15	<u>\$86,301</u>	<u>\$86,400</u>	<u>\$305</u>
16	<u>\$86,401</u>	<u>\$86,500</u>	<u>\$295</u>
17	<u>\$86,501</u>	<u>\$86,600</u>	<u>\$285</u>
18	<u>\$86,601</u>	<u>\$86,700</u>	<u>\$275</u>
19	<u>\$86,701</u>	<u>\$86,800</u>	<u>\$265</u>
20	<u>\$86,801</u>	<u>\$86,900</u>	<u>\$255</u>
21	<u>\$86,901</u>	<u>\$87,000</u>	<u>\$245</u>
22	<u>\$87,001</u>	<u>\$87,100</u>	<u>\$235</u>
23	<u>\$87,101</u>	<u>\$87,200</u>	<u>\$225</u>
24	<u>\$87,201</u>	<u>\$87,300</u>	<u>\$215</u>
25	<u>\$87,301</u>	<u>\$87,400</u>	<u>\$205</u>
26	<u>\$87,401</u>	<u>\$87,500</u>	<u>\$195</u>
27	<u>\$87,501</u>	<u>\$87,600</u>	<u>\$185</u>
28	<u>\$87,601</u>	<u>\$87,700</u>	<u>\$175</u>
29	<u>\$87,701</u>	<u>\$87,800</u>	<u>\$165</u>
30	<u>\$87,801</u>	<u>\$87,900</u>	<u>\$155</u>
31	<u>\$87,901</u>	<u>\$88,000</u>	<u>\$145</u>
32	<u>\$88,001</u>	<u>\$88,100</u>	<u>\$135</u>
33	<u>\$88,101</u>	<u>\$88,200</u>	<u>\$125</u>
34	<u>\$88,201</u>	<u>\$88,300</u>	<u>\$115</u>
35	<u>\$88,301</u>	<u>\$88,400</u>	<u>\$105</u>
36	<u>\$88,401</u>	<u>\$88,500</u>	<u>\$95</u>

1	<u>\$88,501</u>	<u>\$88,600</u>	<u>\$85</u>
2	<u>\$88,601</u>	<u>\$88,700</u>	<u>\$75</u>
3	<u>\$88,701</u>	<u>\$88,800</u>	<u>\$65</u>
4	<u>\$88,801</u>	<u>\$88,900</u>	<u>\$55</u>
5	<u>\$88,901</u>	<u>\$89,000</u>	<u>\$45</u>
6	<u>\$89,001</u>	<u>\$89,100</u>	<u>\$35</u>
7	<u>\$89,101</u>	<u>\$89,200</u>	<u>\$25</u>
8	<u>\$89,201</u>	<u>\$89,300</u>	<u>\$15</u>
9	<u>\$89,301</u>	<u>\$89,400</u>	<u>\$5</u>
10	<u>\$89,401 and up</u>		<u>\$0</u>

11

12 (D) If, on or after July 1, 2022, but before January 1,
 13 2024, funds are transferred from the Catastrophic Reserve Fund, then:

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

16 (ii) For tax years beginning on and after January 1,
 17 2024, every resident, individual, trust, or estate shall determine the amount
 18 of income tax due under this subsection in accordance with the tables set
 19 forth in subdivision (a)(2) of this section.

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

24	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
25			
26	<u>\$0</u>	<u>\$4,999</u>	<u>0%</u>
27	<u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
28	<u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
29	<u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
30	<u>\$23,600</u>	<u>\$84,500</u>	<u>4.9%</u>

31

32 (B) On and after January 1, 2025, every resident,
 33 individual, trust, or estate having net income greater than eighty-four
 34 thousand five hundred dollars (\$84,500) shall determine the amount of income
 35 tax due under this subsection in accordance with the table set forth below:

36	<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
----	-------------	------------------------------	-------------

1			
2	<u>\$0</u>	<u>\$4,300</u>	<u>2%</u>
3	<u>\$4,301</u>	<u>\$8,500</u>	<u>4%</u>
4	<u>\$8,501 and above</u>		<u>4.9%</u>

5

6 (C) For tax years beginning on or after January 1, 2025,
 7 every resident, individual, trust, or estate having net income greater than
 8 or equal to eighty-four thousand five hundred one dollars (\$84,501) but not
 9 greater than eighty-eight thousand nine hundred dollars (\$88,900) shall
 10 reduce the amount of income tax due as determined under subdivision (a)(5)(B)
 11 of this section by deducting a bracket adjustment amount in accordance with
 12 the table set forth below:

13	<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket</u>
14			<u>Adjustment</u>
15			<u>Amount</u>
16			
17	<u>\$84,501</u>	<u>\$84,600</u>	<u>\$439</u>
18	<u>\$84,601</u>	<u>\$84,700</u>	<u>\$429</u>
19	<u>\$84,701</u>	<u>\$84,800</u>	<u>\$419</u>
20	<u>\$84,801</u>	<u>\$84,900</u>	<u>\$409</u>
21	<u>\$84,901</u>	<u>\$85,000</u>	<u>\$399</u>
22	<u>\$85,001</u>	<u>\$85,100</u>	<u>\$389</u>
23	<u>\$85,101</u>	<u>\$85,200</u>	<u>\$379</u>
24	<u>\$85,201</u>	<u>\$85,300</u>	<u>\$369</u>
25	<u>\$85,301</u>	<u>\$85,400</u>	<u>\$359</u>
26	<u>\$85,401</u>	<u>\$85,500</u>	<u>\$349</u>
27	<u>\$85,501</u>	<u>\$85,600</u>	<u>\$339</u>
28	<u>\$85,601</u>	<u>\$85,700</u>	<u>\$329</u>
29	<u>\$85,701</u>	<u>\$85,800</u>	<u>\$319</u>
30	<u>\$85,801</u>	<u>\$85,900</u>	<u>\$309</u>
31	<u>\$85,901</u>	<u>\$86,000</u>	<u>\$299</u>
32	<u>\$86,001</u>	<u>\$86,100</u>	<u>\$289</u>
33	<u>\$86,101</u>	<u>\$86,200</u>	<u>\$279</u>
34	<u>\$86,201</u>	<u>\$86,300</u>	<u>\$269</u>
35	<u>\$86,301</u>	<u>\$86,400</u>	<u>\$259</u>
36	<u>\$86,401</u>	<u>\$86,500</u>	<u>\$249</u>

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

26

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

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

31 (ii) For tax years beginning on and after January 1,
32 2025, every resident, individual, trust, or estate shall determine the amount
33 of income tax due under this subsection in accordance with the tables set
34 forth in subdivision (a)(3) of this section.

35 ~~(1)~~(5) The tables set forth in subdivisions (a)(1)-~~(10)~~(4) of
36 this section shall be adjusted annually in accordance with the method set

1 forth in subsection (d) of this section.

2
3 SECTION 6. Arkansas Code § 26-51-205(a), concerning the rate of tax
4 levied on corporations organized under the laws of this state, is amended to
5 add additional subdivisions to read as follows:

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

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

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

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

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

19 (E) On net income exceeding twenty-five thousand dollars
20 (\$25,000), five and seven-tenths percent (5.7%).

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

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

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

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

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

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

1 (B) If, on or after July 1, 2022, but before January 1,
2 2024, funds are transferred from the Catastrophic Reserve Fund, then:

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

5 (ii) For tax years beginning on and after January 1,
6 2024, every corporation organized under the laws of this state shall pay
7 annually an income tax with respect to carrying on or doing business on the
8 entire net income of the corporation, as now defined by the laws of this
9 state, received by the corporation during the income year as provided under
10 subdivision (a)(4) of this section.

11 (6)(A) Except as provided in subdivisions (a)(5)(B) and
12 (a)(6)(B) of this section, for tax years beginning on or after January 1,
13 2025, every corporation organized under the laws of this state shall pay
14 annually an income tax with respect to carrying on or doing business on the
15 entire net income of the corporation, as now defined by the laws of this
16 state, received by the corporation during the income year, on the following
17 basis:

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

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

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

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

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

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

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

33 (ii) For tax years beginning on and after January 1,
34 2025, every corporation organized under the laws of this state shall pay
35 annually an income tax with respect to carrying on or doing business on the
36 entire net income of the corporation, as now defined by the laws of this

1 state received by the corporation during the income year as provided under
 2 subdivision (a)(5) of this section.

3
 4 SECTION 7. Arkansas Code § 26-51-205(b), concerning the rate of tax
 5 levied on foreign corporations doing business in this state, is amended to
 6 add additional subdivisions to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

36 (B) If, on or after July 1, 2022, but before January 1,

1 2024, funds are transferred from the Catastrophic Reserve Fund, then:

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

4 (ii) For tax years beginning on and after January 1,
5 2024, every corporation organized under the laws of this state shall pay
6 annually an income tax with respect to carrying on or doing business on the
7 entire net income of the corporation, as now defined by the laws of this
8 state, received by the corporation during the income year as provided under
9 subdivision (a)(4) of this section.

10 (6)(A) Except as provided in subdivisions (a)(5)(B) and
11 (a)(6)(B) of this section, for tax years beginning on or after January 1,
12 2025, 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, on the following
16 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 three-tenths percent (5.3%).

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

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

32 (ii) For tax years beginning on and after January 1,
33 2025, every corporation organized under the laws of this state shall pay
34 annually an income tax with respect to carrying on or doing business on the
35 entire net income of the corporation, as now defined by the laws of this
36 state, received by the corporation during the income year as provided under

1 subdivision (a)(5) of this section.

2

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

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

9

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

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

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

21 (ii) If the Consumer Price Index for the current
22 calendar year does not exceed the Consumer Price Index for the preceding
23 calendar year, the standard deduction shall not be adjusted under this
24 subsection for that year.

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

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

31

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

34 (6)(A) An individual taxpayer having net income up to twenty-
35 four thousand seven hundred dollars (\$24,700) who timely files a tax return
36 is allowed an income tax credit against the income tax imposed by this

1 chapter in accordance with the table set forth below:

2	<u>From</u>	<u>Less Than or Equal To</u>	<u>Credit Amount</u>
3			
4	<u>\$0</u>	<u>\$23,600</u>	<u>\$60</u>
5	<u>\$23,601</u>	<u>\$23,700</u>	<u>\$55</u>
6	<u>\$23,701</u>	<u>\$23,800</u>	<u>\$50</u>
7	<u>\$23,801</u>	<u>\$23,900</u>	<u>\$45</u>
8	<u>\$23,901</u>	<u>\$24,000</u>	<u>\$40</u>
9	<u>\$24,001</u>	<u>\$24,100</u>	<u>\$35</u>
10	<u>\$24,101</u>	<u>\$24,200</u>	<u>\$30</u>
11	<u>\$24,201</u>	<u>\$24,300</u>	<u>\$25</u>
12	<u>\$24,301</u>	<u>\$24,400</u>	<u>\$20</u>
13	<u>\$24,401</u>	<u>\$24,500</u>	<u>\$15</u>
14	<u>\$24,501</u>	<u>\$24,600</u>	<u>\$10</u>
15	<u>\$24,601</u>	<u>\$24,700</u>	<u>\$5</u>
16	<u>\$24,701 and up</u>		<u>\$0</u>

17
18 (B) The amount of the income tax credit under subdivision
19 (a)(6)(A) of this section that may be claimed by the taxpayer in a tax year
20 shall not exceed the amount of income tax due by the taxpayer.

21 (C) The table in subdivision (a)(6)(A) of this section
22 shall be adjusted annually in accordance with the method set forth in § 26-
23 51-201(d).

24
25 SECTION 11. Arkansas Code Title 26, Chapter 51, Subchapter 5, is
26 amended to add an additional section to read as follows:

27 26-51-517. Full-time law enforcement officer tax credit.

28 (a) As used in this section:

29 (1) "Full-time law enforcement officer" means a law enforcement
30 officer who:

31 (A) Is employed by and receives a salary authorized by a
32 law enforcement agency;

33 (B) Has the statutory authority to enforce the criminal,
34 traffic, or highway laws of the state or of the federal government; and

35 (C) Has worked for a law enforcement agency for at least
36 twenty-five (25) hours per week for at least eleven (11) months of the

1 calendar year for which the tax credit under subsection (b) of this section
2 is being claimed; and

3 (2) "Law enforcement agency" means:

4 (A) A municipal police department;

5 (B) A county sheriff's office;

6 (C) A law enforcement entity of the State of Arkansas,
7 including without limitation:

8 (i) The Division of Arkansas State Police;

9 (ii) The Arkansas Highway Police Division of the
10 Arkansas Department of Transportation;

11 (iii) The State Capitol Police; and

12 (iv) A police department that is part of a public
13 college or university;

14 (D) An airport authority; or

15 (E) A federal law enforcement entity.

16 (b)(1) There is allowed an income tax credit against the income tax
17 imposed by this chapter in the amount of three thousand dollars (\$3,000) for
18 a taxpayer who obtains verification as stated in subsection (c) of this
19 section.

20 (2) If the amount of the income tax credit allowed under this
21 section exceeds the taxpayer's income tax liability, the excess shall be
22 refunded to the taxpayer.

23 (c) A taxpayer may receive the credit under subsection (b) of this
24 section if the taxpayer obtains verification as follows:

25 (1) If the taxpayer is the chief law enforcement officer of a
26 law enforcement agency, the taxpayer shall obtain written verification on a
27 form approved by the Department of Finance and Administration that:

28 (A) States that the taxpayer is a full-time law
29 enforcement officer; and

30 (B) Is signed by the second most senior law enforcement
31 officer and the payroll clerk of the law enforcement agency; and

32 (2) If the taxpayer is not the chief law enforcement officer of
33 the law enforcement agency, the taxpayer shall obtain written verification on
34 a form approved by the Department of Finance and Administration that:

35 (A) States that the taxpayer is a full-time law
36 enforcement officer; and

1 (B) Is signed by the taxpayer’s immediate supervisor and
2 the chief law enforcement officer of the law enforcement agency.

3
4 SECTION 12. Arkansas Code § 26-65-103(b)(1)(A), concerning income tax
5 due under the Elective Pass-Through Entity Tax Act effective on January 1,
6 2022, is amended to read as follows:

7 (b)(1)(A) Except as provided in subdivision (b)(1)(B) of this section,
8 a tax ~~of five and nine tenths percent (5.9%)~~ equal to the top marginal
9 income-tax rate under § 26-51-201(a) is levied on the net taxable income of
10 an affected business entity, as determined under Chapter 51 of this title,
11 including any applicable basis adjustments, to the extent that the income is
12 reported to the secretary as business income derived from the affected
13 business entity.

14
15 SECTION 13. DO NOT CODIFY – TEMPORARY LANGUAGE.

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

- 19 (1) Section 26-51-201(a)(3);
- 20 (2) Section 26-51-205(a)(5); and
- 21 (3) Section 26-51-205(b)(5).

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

- 25 (1) Section 26-51-201(a)(4);
- 26 (2) Section 26-51-205(a)(6); and
- 27 (3) Section 26-51-205(b)(6).

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

30
31 SECTION 14. EFFECTIVE DATE. Sections 5, 6, 7, 9, 10, 11, and 12 of
32 this act are effective for tax years beginning on or after January 1, 2022.

33
34 SECTION 15. EMERGENCY CLAUSE. It is found and determined by the
35 General Assembly of the State of Arkansas that this act would create
36 significant changes to the state’s income tax laws; that this act would

1 create significant changes to the fiscal policy of the state; that taxpayers
2 and employers plan to meet their obligations on a calendar-year basis; and
3 that this act is immediately necessary to ensure the financial stability of
4 the state, to allow taxpayers and employers time both to plan for and to
5 implement the changes in law created by this act, and to ensure that the
6 Department of Finance and Administration has sufficient time to update its
7 forms and software and train its personnel in accordance with this act.
8 Therefore, an emergency is declared to exist, and this act being immediately
9 necessary for the preservation of the public peace, health, and safety shall
10 become effective on:

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

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

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

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