

1 State of Arkansas  
2 93rd General Assembly  
3 Third Extraordinary Session, 2022  
4

# A Bill

Call Item 1  
HOUSE BILL 1004

5 By: Representative Tollett  
6

## For An Act To Be Entitled

8 AN ACT TO REDUCE ARKANSAS INCOME TAXES; TO ACCELERATE  
9 FUTURE REDUCTIONS IN ARKANSAS INCOME TAXES; TO ADOPT  
10 FEDERAL LAW REGARDING DEPRECIATION AND EXPENSING OF  
11 PROPERTY; TO CREATE AN INFLATIONARY RELIEF INCOME-TAX  
12 CREDIT FOR CERTAIN TAXPAYERS; TO EXEMPT FROM INCOME  
13 TAX THE FIRST SIXTY THOUSAND DOLLARS (\$60,000) OF  
14 INCOME FOR CERTAIN TAXPAYERS; TO DECLARE AN  
15 EMERGENCY; AND FOR OTHER PURPOSES.  
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## Subtitle

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19 TO REDUCE ARKANSAS INCOME TAXES; TO ADOPT  
20 FEDERAL LAW ON DEPRECIATION AND EXPENSING  
21 OF PROPERTY; TO CREATE AN INCOME-TAX  
22 CREDIT FOR CERTAIN TAXPAYERS; AND TO  
23 DECLARE AN EMERGENCY.  
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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28 SECTION 1. Arkansas Code § 26-51-201(a), as amended by Act 2 of 2021,  
29 Second Extraordinary Session, concerning the rate of tax levied on the income  
30 of individuals, trusts, and estates, is amended to read as follows:

31 (a) A tax is imposed upon the entire income of every resident,  
32 individual, trust, or estate. The tax shall be levied, collected, and paid  
33 annually upon the entire net income as defined and computed in this chapter  
34 at the following rates, giving effect to the tax credits provided hereafter,  
35 in the manner set forth:

36 (1)(A) ~~On and after January 1, 2022, every~~ Every resident,



1 individual, trust, or estate having net income less than or equal to eighty-  
 2 four thousand five hundred dollars (\$84,500) shall determine the amount of  
 3 income tax due under this subsection in accordance with the table set forth  
 4 below:

5 From	Less Than or Equal To	Rate
6 \$0	\$4,999	0%
7 \$5,000	\$9,999	2%
8 \$10,000	\$14,299	3%
9 \$14,300	\$23,599	3.4%
10 \$23,600	<del>\$39,699</del> <u>\$84,500</u>	<del>5%</del> <u>4.9%</u>
11 <del>\$39,700</del>	<del>\$84,500</del>	<del>5.5%</del>

12

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

17 From	Less Than or Equal To	Rate
18 \$0	\$4,300	2%
19 \$4,301	\$8,500	4%
20 \$8,501 and above		<del>5.5%</del> <u>4.9%</u>

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22  
 23 (C) ~~For tax years beginning on or after January 1, 2022,~~  
 24 ~~every~~ Every resident, individual, trust, or estate having net income greater  
 25 than or equal to eighty-four thousand five hundred one dollars (\$84,501) but  
 26 not greater than ~~ninety thousand six hundred dollars (\$90,600)~~ eighty-nine  
 27 thousand one hundred dollars (\$89,100) shall reduce the amount of income tax  
 28 due as determined under subdivision (a)(1)(B) of this section by deducting a  
 29 bracket adjustment amount in accordance with the table set forth below:

30 From	Less Than or Equal To	Bracket 31 Adjustment 32 Amount
33 \$84,501	\$84,600	<del>\$610</del> <u>\$460</u>
34 \$84,601	\$84,700	<del>\$600</del> <u>\$450</u>
35 \$84,701	\$84,800	<del>\$590</del> <u>\$440</u>

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1	\$84,801	\$84,900	<del>\$580</del>	<u>\$430</u>
2	\$84,901	\$85,000	<del>\$570</del>	<u>\$420</u>
3	\$85,001	\$85,100	<del>\$560</del>	<u>\$410</u>
4	\$85,101	\$85,200	<del>\$550</del>	<u>\$400</u>
5	\$85,201	\$85,300	<del>\$540</del>	<u>\$390</u>
6	\$85,301	\$85,400	<del>\$530</del>	<u>\$380</u>
7	\$85,401	\$85,500	<del>\$520</del>	<u>\$370</u>
8	\$85,501	\$85,600	<del>\$510</del>	<u>\$360</u>
9	\$85,601	\$85,700	<del>\$500</del>	<u>\$350</u>
10	\$85,701	\$85,800	<del>\$490</del>	<u>\$340</u>
11	\$85,801	\$85,900	<del>\$480</del>	<u>\$330</u>
12	\$85,901	\$86,000	<del>\$470</del>	<u>\$320</u>
13	\$86,001	\$86,100	<del>\$460</del>	<u>\$310</u>
14	\$86,101	\$86,200	<del>\$450</del>	<u>\$300</u>
15	\$86,201	\$86,300	<del>\$440</del>	<u>\$290</u>
16	\$86,301	\$86,400	<del>\$430</del>	<u>\$280</u>
17	\$86,401	\$86,500	<del>\$420</del>	<u>\$270</u>
18	\$86,501	\$86,600	<del>\$410</del>	<u>\$260</u>
19	\$86,601	\$86,700	<del>\$400</del>	<u>\$250</u>
20	\$86,701	\$86,800	<del>\$390</del>	<u>\$240</u>
21	\$86,801	\$86,900	<del>\$380</del>	<u>\$230</u>
22	\$86,901	\$87,000	<del>\$370</del>	<u>\$220</u>
23	\$87,001	\$87,100	<del>\$360</del>	<u>\$210</u>
24	\$87,101	\$87,200	<del>\$350</del>	<u>\$200</u>
25	\$87,201	\$87,300	<del>\$340</del>	<u>\$190</u>
26	\$87,301	\$87,400	<del>\$330</del>	<u>\$180</u>
27	\$87,401	\$87,500	<del>\$320</del>	<u>\$170</u>
28	\$87,501	\$87,600	<del>\$310</del>	<u>\$160</u>
29	\$87,601	\$87,700	<del>\$300</del>	<u>\$150</u>
30	\$87,701	\$87,800	<del>\$290</del>	<u>\$140</u>
31	\$87,801	\$87,900	<del>\$280</del>	<u>\$130</u>
32	\$87,901	\$88,000	<del>\$270</del>	<u>\$120</u>
33	\$88,001	\$88,100	<del>\$260</del>	<u>\$110</u>
34	\$88,101	\$88,200	<del>\$250</del>	<u>\$100</u>
35	\$88,201	\$88,300	<del>\$240</del>	<u>\$90</u>
36	\$88,301	\$88,400	<del>\$230</del>	<u>\$80</u>

1	\$88,401	\$88,500	<del>\$220</del> <u>\$70</u>
2	\$88,501	\$88,600	<del>\$210</del> <u>\$60</u>
3	\$88,601	\$88,700	<del>\$200</del> <u>\$50</u>
4	\$88,701	\$88,800	<del>\$190</del> <u>\$40</u>
5	\$88,801	\$88,900	<del>\$180</del> <u>\$30</u>
6	\$88,901	\$89,000	<del>\$170</del> <u>\$20</u>
7	\$89,001	\$89,100	<del>\$160</del> <u>\$10</u>
8	\$89,101 <u>and up</u>		<del>\$150</del> <u>\$0</u>
9	<del>\$89,201</del>	\$89,300	\$140
10	<del>\$89,301</del>	\$89,400	\$130
11	<del>\$89,401</del>	\$89,500	\$120
12	<del>\$89,501</del>	\$89,600	\$110
13	<del>\$89,601</del>	\$89,700	\$100
14	<del>\$89,701</del>	\$89,800	\$90
15	<del>\$89,801</del>	\$89,900	\$80
16	<del>\$89,901</del>	\$90,000	\$70
17	<del>\$90,001</del>	\$90,100	\$60
18	<del>\$90,101</del>	\$90,200	\$50
19	<del>\$90,201</del>	\$90,300	\$40
20	<del>\$90,301</del>	\$90,400	\$30
21	<del>\$90,401</del>	\$90,500	\$20
22	<del>\$90,501</del>	\$90,600	\$10
23	<del>\$90,601 and up</del>		\$0

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

29	<del>From</del>	<del>Less Than or Equal To</del>	<del>Rate</del>
30			
31	\$0	\$4,999	0%
32	\$5,000	\$9,999	2%
33	\$10,000	\$14,299	3%
34	\$14,300	\$23,599	3.4%
35	\$23,600	<del>\$39,699</del>	5%
36	\$39,700	\$84,500	5.3%

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~~(B) On and after January 1, 2023, 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:~~

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

~~(C) For tax years beginning on or after January 1, 2023, 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 dollars (\$90,000) shall reduce the amount of income tax due as determined under subdivision (a)(2)(B) of this section by deducting a bracket adjustment amount in accordance with the table set forth below:~~

<del>From</del>	<del>Less Than or Equal To</del>	<del>Bracket Adjustment Amount</del>
<del>\$84,501</del>	<del>\$84,600</del>	<del>\$548</del>
<del>\$84,601</del>	<del>\$84,700</del>	<del>\$538</del>
<del>\$84,701</del>	<del>\$84,800</del>	<del>\$528</del>
<del>\$84,801</del>	<del>\$84,900</del>	<del>\$518</del>
<del>\$84,901</del>	<del>\$85,000</del>	<del>\$508</del>
<del>\$85,001</del>	<del>\$85,100</del>	<del>\$498</del>
<del>\$85,101</del>	<del>\$85,200</del>	<del>\$488</del>
<del>\$85,201</del>	<del>\$85,300</del>	<del>\$478</del>
<del>\$85,301</del>	<del>\$85,400</del>	<del>\$468</del>
<del>\$85,401</del>	<del>\$85,500</del>	<del>\$458</del>
<del>\$85,501</del>	<del>\$85,600</del>	<del>\$448</del>
<del>\$85,601</del>	<del>\$85,700</del>	<del>\$438</del>
<del>\$85,701</del>	<del>\$85,800</del>	<del>\$428</del>
<del>\$85,801</del>	<del>\$85,900</del>	<del>\$418</del>

1	\$85,901	\$86,000	\$408
2	\$86,001	\$86,100	\$398
3	\$86,101	\$86,200	\$388
4	\$86,201	\$86,300	\$378
5	\$86,301	\$86,400	\$368
6	\$86,401	\$86,500	\$358
7	\$86,501	\$86,600	\$348
8	\$86,601	\$86,700	\$338
9	\$86,701	\$86,800	\$328
10	\$86,801	\$86,900	\$318
11	\$86,901	\$87,000	\$308
12	\$87,001	\$87,100	\$298
13	\$87,101	\$87,200	\$288
14	\$87,201	\$87,300	\$278
15	\$87,301	\$87,400	\$268
16	\$87,401	\$87,500	\$258
17	\$87,501	\$87,600	\$248
18	\$87,601	\$87,700	\$238
19	\$87,701	\$87,800	\$228
20	\$87,801	\$87,900	\$218
21	\$87,901	\$88,000	\$208
22	\$88,001	\$88,100	\$198
23	\$88,101	\$88,200	\$188
24	\$88,201	\$88,300	\$178
25	\$88,301	\$88,400	\$168
26	\$88,401	\$88,500	\$158
27	\$88,501	\$88,600	\$148
28	\$88,601	\$88,700	\$138
29	\$88,701	\$88,800	\$128
30	\$88,801	\$88,900	\$118
31	\$88,901	\$89,000	\$108
32	\$89,001	\$89,100	\$98
33	\$89,101	\$89,200	\$88
34	\$89,201	\$89,300	\$78
35	\$89,301	\$89,400	\$68
36	\$89,401	\$89,500	\$58

1	\$89,501	\$89,600	\$48
2	\$89,601	\$89,700	\$38
3	\$89,701	\$89,800	\$28
4	\$89,801	\$89,900	\$18
5	\$89,901	\$90,000	\$8
6	\$90,001 and up		\$0

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

12	From	Less Than or Equal To	Rate
13			
14	\$0	\$4,999	0%
15	\$5,000	\$9,999	2%
16	\$10,000	\$14,299	3%
17	\$14,300	\$23,599	3.4%
18	\$23,600	\$39,699	5%
19	\$39,700	\$84,500	5.1%

20  
 21 ~~(B) On and after January 1, 2024, every resident,~~  
 22 ~~individual, trust, or estate having net income greater than eighty four~~  
 23 ~~thousand five hundred dollars (\$84,500) shall determine the amount of income~~  
 24 ~~tax due under this subsection in accordance with the table set forth below:~~

25	From	Less Than or Equal To	Rate
26			
27	\$0	\$4,300	2%
28	\$4,301	\$8,500	4%
29	\$8,501 and above		5.1%

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

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



1	\$87,601	\$87,700	\$175
2	\$87,701	\$87,800	\$165
3	\$87,801	\$87,900	\$155
4	\$87,901	\$88,000	\$145
5	\$88,001	\$88,100	\$135
6	\$88,101	\$88,200	\$125
7	\$88,201	\$88,300	\$115
8	\$88,301	\$88,400	\$105
9	\$88,401	\$88,500	\$95
10	\$88,501	\$88,600	\$85
11	\$88,601	\$88,700	\$75
12	\$88,701	\$88,800	\$65
13	\$88,801	\$88,900	\$55
14	\$88,901	\$89,000	\$45
15	\$89,001	\$89,100	\$35
16	\$89,101	\$89,200	\$25
17	\$89,201	\$89,300	\$15
18	\$89,301	\$89,400	\$5
19	\$89,401 and up		\$0

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21 ~~(D) If, on or after July 1, 2022, but before January 1,~~  
 22 ~~2024, funds are transferred from the Catastrophic Reserve Fund, then:~~

23 ~~(i) Subdivisions (a)(3)(A)-(C) and (a)(4)(A)-(C) of~~  
 24 ~~this section shall not take effect; and~~

25 ~~(ii) For tax years beginning on and after January 1,~~  
 26 ~~2024, every resident, individual, trust, or estate shall determine the amount~~  
 27 ~~of income tax due under this subsection in accordance with the tables set~~  
 28 ~~forth in subdivision (a)(2) of this section.~~

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

33	From	Less Than or Equal To	Rate
34			
35	\$0	\$4,999	0%
36	\$5,000	\$9,999	2%

1	\$10,000	\$14,299	3%
2	\$14,300	\$23,599	3.4%
3	\$23,600	\$84,500	4.9%

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

9	From	Less Than or Equal To	Rate
11	\$0	\$4,300	2%
12	\$4,301	\$8,500	4%
13	\$8,501 and above		4.9%

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~~(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)(4)(B)~~  
~~of this section by deducting a bracket adjustment amount in accordance with~~  
~~the table set forth below:~~

22	From	Less Than or Equal To	Bracket
23			Adjustment
24			Amount
26	\$84,501	\$84,600	\$439
27	\$84,601	\$84,700	\$429
28	\$84,701	\$84,800	\$419
29	\$84,801	\$84,900	\$409
30	\$84,901	\$85,000	\$399
31	\$85,001	\$85,100	\$389
32	\$85,101	\$85,200	\$379
33	\$85,201	\$85,300	\$369
34	\$85,301	\$85,400	\$359
35	\$85,401	\$85,500	\$349
36	\$85,501	\$85,600	\$339

1	\$85,601	\$85,700	\$329
2	\$85,701	\$85,800	\$319
3	\$85,801	\$85,900	\$309
4	\$85,901	\$86,000	\$299
5	\$86,001	\$86,100	\$289
6	\$86,101	\$86,200	\$279
7	\$86,201	\$86,300	\$269
8	\$86,301	\$86,400	\$259
9	\$86,401	\$86,500	\$249
10	\$86,501	\$86,600	\$239
11	\$86,601	\$86,700	\$229
12	\$86,701	\$86,800	\$219
13	\$86,801	\$86,900	\$209
14	\$86,901	\$87,000	\$199
15	\$87,001	\$87,100	\$189
16	\$87,101	\$87,200	\$179
17	\$87,201	\$87,300	\$169
18	\$87,301	\$87,400	\$159
19	\$87,401	\$87,500	\$149
20	\$87,501	\$87,600	\$139
21	\$87,601	\$87,700	\$129
22	\$87,701	\$87,800	\$119
23	\$87,801	\$87,900	\$109
24	\$87,901	\$88,000	\$99
25	\$88,001	\$88,100	\$89
26	\$88,101	\$88,200	\$79
27	\$88,201	\$88,300	\$69
28	\$88,301	\$88,400	\$59
29	\$88,401	\$88,500	\$49
30	\$88,501	\$88,600	\$39
31	\$88,601	\$88,700	\$29
32	\$88,701	\$88,800	\$19
33	\$88,801	\$88,900	\$9
34	\$88,901 and up		\$0

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~~(D) If, during the 2024 calendar year, funds are~~

1 transferred from the Catastrophic Reserve Fund, then:

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

4 ~~(ii) For tax years beginning on and after January 1,~~  
 5 ~~2025, every resident, individual, trust, or estate shall determine the amount~~  
 6 ~~of income tax due under this subsection in accordance with the tables set~~  
 7 ~~forth in subdivision (a)(3) of this section.~~

8 ~~(5)(2)~~ The tables set forth in ~~subdivisions~~ subdivision (a)(1)-  
 9 ~~(4)~~ of this section shall be adjusted annually in accordance with the method  
 10 set forth in subsection (d) of this section.

11  
 12 SECTION 2. Arkansas Code § 26-51-205(a)(4)-(6), as amended by Act 2 of  
 13 2021, Second Extraordinary Session, concerning the rate of tax levied on  
 14 corporations organized under the laws of this state, are amended to read as  
 15 follows:

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

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

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

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

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

29 ~~(E) On net income exceeding twenty five thousand dollars~~  
 30 ~~(\$25,000), five and seven tenths percent (5.7%).~~

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

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

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

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

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

9                   ~~(v) On net income exceeding twenty five thousand~~  
 10 ~~dollars (\$25,000), five and five tenths percent (5.5%).~~

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

13                   ~~(i) Subdivisions (a)(5)(A) and (a)(6)(A) of this~~  
 14 ~~section shall not take effect; and~~

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

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

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

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

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

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

36                   ~~(v)(E) On net income exceeding twenty-five thousand~~

dollars (\$25,000), five and three-tenths percent (5.3%).

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

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

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

SECTION 3. Arkansas Code § 26-51-205(b)(4)-(6), as amended by Act 2 of 2021, Second Extraordinary Session, concerning the rate of tax levied on foreign corporations doing business in this state, are amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

9                   ~~(v) On net income exceeding twenty five thousand~~  
10 ~~dollars (\$25,000), five and five tenths percent (5.5%).~~

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

13                   ~~(i) Subdivisions (b)(5)(A) and (b)(6)(A) of this~~  
14 ~~section shall not take effect; and~~

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

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

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

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

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

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

36                   ~~(v)(E) On net income exceeding twenty-five thousand dollars~~

1 (\$25,000), five and three-tenths percent (5.3%).

2 ~~(B) If subdivision (b)(5)(A) of this section takes effect~~  
 3 ~~and funds are transferred during calendar year 2024 from the Catastrophe~~  
 4 ~~Reserve Fund, then:~~

5 ~~(i) Subdivision (b)(6)(A) of this section shall not~~  
 6 ~~take effect; and~~

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

13  
 14 SECTION 4. Arkansas Code Title 26, Chapter 51, Subchapter 3, is  
 15 amended to add an additional section to read as follows:

16 26-51-317. Teachers, law enforcement officers, and firefighters.

17 (a) As used in this section:

18 (1)(A) "Firefighter" means any regular or permanent employee of  
 19 a fire department of a political subdivision, including a probationary  
 20 firefighter.

21 (B) "Firefighter" does not include any civilian employee  
 22 of a fire department or any person temporarily employed as a firefighter  
 23 during an emergency;

24 (2) "Full-time law enforcement officer" means a law enforcement  
 25 officer who:

26 (A) Is employed by a law enforcement agency for at least  
 27 twenty-five (25) hours per week;

28 (B) Receives a salary authorized by a law enforcement  
 29 agency; and

30 (C) Has the statutory authority to enforce the criminal,  
 31 traffic, or highway laws of the state or of the United States Government;

32 (3) "Law enforcement agency" means a:

33 (A) Municipal police department;

34 (B) County sheriff's office;

35 (C) Law enforcement entity of the State of Arkansas,  
 36 including without limitation:



1                   (i) The Division of Arkansas State Police;  
 2                   (ii) The Arkansas Highway Police Division of the  
 3 Arkansas Department of Transportation;  
 4                   (iii) The State Capitol Police; and  
 5                   (iv) A police department that is part of a public  
 6 college or university; or

7                   (D) Federal law enforcement entity; and

8                   (4) "Teacher" means a teacher, instructor, counselor, principal,  
 9 or aide for students in any grade from prekindergarten through grade twelve  
 10 (preK-12) who is employed for at least nine hundred (900) hours in a tax year  
 11 at a public school or charter school certified by the state to provide  
 12 preschool, elementary, or secondary education.

13                   (b) A taxpayer who is a firefighter, full-time law enforcement  
 14 officer, or teacher is allowed an exemption from the income tax imposed by  
 15 this chapter for the first sixty thousand dollars (\$60,000) of income  
 16 received for employment as a firefighter, full-time law enforcement officer,  
 17 or teacher.

18  
 19                   SECTION 5. Arkansas Code § 26-51-428(a), as in effect until the  
 20 contingency set out in Acts 2007, No. 613, § 2, is met and concerning the  
 21 income tax deduction for depreciation and expensing of property, is amended  
 22 to read as follows:

23                   (a)(1) Title 26 U.S.C. §§ 167 and 168(a)-(j), as in effect on January  
 24 1, 2019, and 26 U.S.C. § 179, as in effect on January 1, 2009, regarding  
 25 depreciation and expensing of property, are adopted for the purpose of  
 26 computing Arkansas income tax liability for property purchased in tax years  
 27 beginning on or after January 1, 2014.

28                   (2) Title 26 U.S.C. § 179, as in effect on January 1, 2022, is  
 29 adopted for the purpose of computing Arkansas income tax liability for  
 30 property purchased in tax years beginning on or after January 1, 2022.

31  
 32                   SECTION 6. Section 12 of Act 2 of 2021, Second Extraordinary Session,  
 33 which is temporary and uncodified language, is repealed.

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

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

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

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

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

SECTION 7. DO NOT CODIFY. TEMPORARY LANGUAGE. Inflationary relief income-tax credit.

(a) As used in this section, "resident" means natural persons and includes, for the purpose of determining liability for the tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., upon or with reference to the income of any taxable year, any person domiciled in the State of Arkansas and any other person who maintains a permanent place of abode within this state and spends in the aggregate more than six (6) months of the taxable year within this state.

(b)(1)(A) For the tax year beginning January 1, 2022, a resident individual taxpayer who files an Arkansas full-year resident income-tax return, other than a joint return, having net income up to one hundred one thousand dollars (\$101,000) is allowed an income-tax credit against the individual income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., in accordance with the following table:

<u>From</u>	<u>Less Than or Equal to</u>	<u>Credit Amount</u>
<u>\$1</u>	<u>\$87,000</u>	<u>\$150</u>
<u>\$87,001</u>	<u>\$88,000</u>	<u>\$140</u>
<u>\$88,001</u>	<u>\$89,000</u>	<u>\$130</u>
<u>\$89,001</u>	<u>\$90,000</u>	<u>\$120</u>
<u>\$90,001</u>	<u>\$91,000</u>	<u>\$110</u>
<u>\$91,001</u>	<u>\$92,000</u>	<u>\$100</u>
<u>\$92,001</u>	<u>\$93,000</u>	<u>\$90</u>
<u>\$93,001</u>	<u>\$94,000</u>	<u>\$80</u>

1	<u>\$94,001</u>	<u>\$95,000</u>	<u>\$70</u>
2	<u>\$95,001</u>	<u>\$96,000</u>	<u>\$60</u>
3	<u>\$96,001</u>	<u>\$97,000</u>	<u>\$50</u>
4	<u>\$97,001</u>	<u>\$98,000</u>	<u>\$40</u>
5	<u>\$98,001</u>	<u>\$99,000</u>	<u>\$30</u>
6	<u>\$99,001</u>	<u>\$100,000</u>	<u>\$20</u>
7	<u>\$100,001</u>	<u>\$101,000</u>	<u>\$10</u>
8	<u>\$101,001 and up</u>		<u>\$0</u>

9

10 (B) Spouses filing separately on the same income-tax  
 11 return may each claim one (1) credit under subdivision (b)(1)(A) of this  
 12 section against the tax on the return of each spouse.

13 (2)(A) For the tax year beginning January 1, 2022, resident  
 14 individual taxpayers who file a joint Arkansas full year resident income-tax  
 15 return having net income up to two hundred two thousand dollars (\$202,000)  
 16 are allowed an income tax credit against the individual income tax imposed by  
 17 the Income Tax Act of 1929, § 26-51-101 et seq., in accordance with the  
 18 following table:

19	<u>From</u>	<u>Less Than or Equal to</u>	<u>Credit Amount</u>
20	<u>\$1</u>	<u>\$174,000</u>	<u>\$300</u>
21	<u>\$174,001</u>	<u>\$176,000</u>	<u>\$280</u>
22	<u>\$176,001</u>	<u>\$178,000</u>	<u>\$260</u>
23	<u>\$178,001</u>	<u>\$180,000</u>	<u>\$240</u>
24	<u>\$180,001</u>	<u>\$182,000</u>	<u>\$220</u>
25	<u>\$182,001</u>	<u>\$184,000</u>	<u>\$200</u>
26	<u>\$184,001</u>	<u>\$186,000</u>	<u>\$180</u>
27	<u>\$186,001</u>	<u>\$188,000</u>	<u>\$160</u>
28	<u>\$188,001</u>	<u>\$190,000</u>	<u>\$140</u>
29	<u>\$190,001</u>	<u>\$192,000</u>	<u>\$120</u>
30	<u>\$192,001</u>	<u>\$194,000</u>	<u>\$100</u>
31	<u>\$194,001</u>	<u>\$196,000</u>	<u>\$80</u>
32	<u>\$196,001</u>	<u>\$198,000</u>	<u>\$60</u>
33	<u>\$198,001</u>	<u>\$200,000</u>	<u>\$40</u>
34	<u>\$200,001</u>	<u>\$202,000</u>	<u>\$20</u>
35	<u>\$202,001 and up</u>		<u>\$0</u>

36

1                   (B) Spouses filing jointly on the same income-tax return  
2 shall receive only one (1) credit under subdivision (b)(2)(A) of this section  
3 against their aggregate tax.

4                   (c) The credits allowed under subdivisions (b)(1) and (b)(2) of this  
5 section cannot be claimed by a taxpayer:

6                   (1) For any tax year other than the tax year beginning on  
7 January 1, 2022; or

8                   (2) Who files a nonresident return or a part-year resident  
9 return.

10                   (d) The amount of the income-tax credit under this section that may be  
11 claimed by the taxpayer in a tax year shall not exceed the amount of income  
12 tax due by the taxpayer.

13  
14                   SECTION 8. EFFECTIVE DATE.

15                   (a) Sections 1, 5, and 7 of this act are effective for tax years  
16 beginning on or after January 1, 2022.

17                   (b) Sections 2–4 of this act are effective for tax years beginning on  
18 or after January 1, 2023.

19  
20                   SECTION 9. EMERGENCY CLAUSE. It is found and determined by the  
21 General Assembly of the State of Arkansas that Arkansas has a net general  
22 revenue surplus in excess of one billion six hundred million dollars  
23 (\$1,600,000,000) for the 2022 fiscal year; that the state is collecting too  
24 much in tax revenue; that the state has already enacted future tax cuts,  
25 which should be expedited to more immediately reduce the rate of tax  
26 collection; and that this act is immediately necessary to return hard-earned  
27 money to the hands of Arkansans and to combat increasing inflationary  
28 pressures. Therefore, an emergency is declared to exist, and this act being  
29 immediately necessary for the preservation of the public peace, health, and  
30 safety shall become effective on:

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

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

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