

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1403

Bill Subtitle: TO AMEND THE INCOME TAX; AND TO REDUCE THE RATE OF TAX LEVIED ON THE TOP INCOME TAX BRACKET.

Basic Change :

Sponsors: Rep. Maddox, McCollum, Lundstrum, Hollowell, and Ray

HB1403 provides reductions for individual, trust, and estate taxpayers in the middle and upper income tax tables provided under §§ 26-51-201(a)(7) and (a)(9). The top marginal income tax rate in Arkansas would be reduced to 5.8% for tax years beginning on or after January 1, 2022.

Revenue Impact :

FY2022 - \$13.7 million reduction in State General Revenue.

FY2023 - \$27.4 million reduction in State General Revenue.

Taxpayer Impact :

733,000 taxpayers would receive a reduction in income tax.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Department employees will need to be educated as well as the tax community.

Other Comments :

None.

Legal Analysis :

None.