

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1097

Bill Subtitle: TO REDUCE THE TOP MARGINAL TAX RATE FOR INDIVIDUAL TAXPAYERS.

Basic Change :

Sponsor: Rep. Ray

HB1097 amends the income tax tables contained in § 26-51-201 for individuals, trusts, and estates. The bill amends the income tax tables so that the top income tax rate in Arkansas would be reduced to 4.5% for tax years beginning on or after January 1, 2023.

The income tax tables will be as follows effective for the 2023 and following tax years:

2023 and Following Tax Years

Standard Income Table		Upper Income Table	
\$0 to \$4,999	0%	\$0 to \$4,300	2%
\$5,000 to \$9,999	2%	\$4,301 to \$8,500	4%
\$10,000 to \$14,299	3%	\$8,501 +	4.5%
\$14,300 to \$23,599	3.4%		
\$23,600 to \$84,500	4.5%		

Revenue Impact :

FY2023 - \$100M General Revenue Reduction

FY2024 - \$200M General Revenue Reduction

Taxpayer Impact :

Approximately 800,000 individual taxpayers with taxable income greater than \$23,600 would receive a tax reduction.

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.

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Legal Analysis :

None.