



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1001

Bill Subtitle: TO REDUCE THE INCOME TAX RATES FOR INDIVIDUALS, TRUSTS, ESTATES, AND CORPORATIONS.

Sponsors :

Reps. Eaves, Evans, Maddox, Beaty, Lundstrum, R. Burkes, McAlindon, Henley, Brooks, K. Moore, Pilkington, Underwood, M. Shepherd, Painter, Gazaway, Hollowell, Andrews, Womack, Dalby, K. Brown, Jean, N. Burkes, Cozart, Achor, Cooper, A. Brown, Duke, R. Scott Richardson, Childress, Furman, Wooten, Wooldridge, Walker, Ladyman, Long, Tosh, Gramlich, Torres, Steimel, Crawford, Holcomb, Eaton, McKenzie, McGrew, J. Moore, Ray, Rose, Bentley, McClure, Milligan, Puryear, McElroy, Richmond, Schulz, Vaught, Perry, Unger, Meeks, McCollum, Pearce, Hawk, Gonzales, Cavanaugh, Joey Carr, M. Brown, Barker, Wardlaw, Johnson, Warren, Lynch, Nazarenko, Eubanks, Beck, and Breaux

Sen. Dismang

Basic Change :

Individual Income Tax --- Top Rate Reduction to 3.7% in 2026 --- HB1001 amends the income tax tables contained in § 26-51-201 to reduce the top individual income tax rate in Arkansas to 3.7% effective for the 2026 and following tax years. The bill also recalculates the bracket adjustments based on the reduced tax rate to maintain a smooth transition between the standard income table and the upper income table. For tax year 2026, individuals with net taxable income of more than \$94,700 but less than \$97,601 will reduce their income tax due by the appropriate bracket adjustment amount.

The individual income tax tables will be as follows effective for the 2026 and following tax years:

2026 and Following Tax Years

Standard Income Table		Upper Income Table	
\$0 to \$5,599	0%	\$0 to \$4,700	2%
\$5,600 to \$11,199	2%	\$4,701+	3.7%
\$11,200 to \$15,999	3%		
\$16,000 to \$26,399	3.4%		
\$26,400 to \$94,700	3.7%		

Corporation Income Tax --- Top Rate Reduction to 4.1% in 2027 --- HB1001 reduces the top corporation income tax rate imposed on both domestic and foreign corporations to 4.1% for the 2027 and following tax years. The corporation income tax table will be as follows effective for the 2027 and following tax years:

2027 and Following Tax Years

\$0 to \$3,000	1%
\$3,001 to \$6,000	2%
\$6,001 to \$11,000	3%
\$11,001+	4.1%



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Fiscal Impact :

FY2027 - \$191.8M General Revenue Reduction

FY2028 and after - \$144.8M General Revenue Reduction

Fiscal Impact of Each Tax Change		
	FY2027	FY2028
Individual Income Tax Reduction to 3.7% (2026)	\$163,500,000	\$109,000,000
Pass Through Entity Tax Reduction to 3.7% (2026)	\$15,600,000	\$10,400,000
Corporation Income Tax Reduction to 4.1% (2027)	\$12,700,000	\$25,400,000
Total	\$191,800,000	\$144,800,000

It is anticipated that during the remaining months of FY2026, a minimal reduction to general revenue may result as taxpayers adjust withholding and estimated payments that are due prior to the end of the current fiscal year.

Taxpayer Impact :

Individual taxpayers and electing pass-through entities will receive a reduction in their tax liability. Approximately 1.1 million individual income taxpayers with net taxable income \$26,400 and above would receive a tax reduction. All electing pass-through entities would receive a tax reduction. Approximately 7,800 corporations with net taxable income greater than \$11,000 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.



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Procedural Changes :

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

Other Comments :

None.

Legal Analysis :

None.