

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011

A Bill

SENATE BILL 885

4 By: Senators Rapert, G. Jeffress
5
6 By: Representative Sanders

7 Filed with: Interim Senate Committee on Revenue and Taxation
8 pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

9 AN ACT TO PROVIDE ECONOMIC RELIEF TO CITIZENS OF THE
10 STATE OF ARKANSAS IN ORDER TO ENSURE THAT ITS
11 CITIZENS HAVE THE OPPORTUNITY TO SUCCEED BY AMENDING
12 THE INCOME TAX ACT OF 1929 REGARDING THE INCOME TAX
13 RATES FOR PERSONS LIVING IN CERTAIN COUNTIES; AND FOR
14 OTHER PURPOSES.
15
16

Subtitle

17 THE ARKANSAS ECONOMIC REHABILITATION,
18 DEVELOPMENT, AND GROWTH ACT OF 2011.
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21
22

SECTION 1. Intent.

23 The General Assembly finds that:

24 (1) Arkansas as a whole falls into the top ten (10) states with
25 the highest poverty rates and is currently ranked second in the nation for
26 persons living below the poverty level;

27 (2) The most critical levels of poverty are occurring in the
28 Delta Region and the southeast corner of the state;

29 (3) A large percentage of persons living in the southeast corner
30 of the state and along the southern end of the state are unemployed and
31 living in poverty;
32
33
34
35

1 (4) Persons living in poverty often times have to deal with a
2 constant negative stigma attached to the area in which they live;

3 (5) The negative stigma causes businesses to be hesitant before
4 investing in the area, causes families to migrate away from the area, and
5 makes it an unattractive place to work for teachers and health care
6 professionals;

7 (6) The negative stigma and poverty rates are increasing due to
8 persons leaving the area as confirmed by the most recent census data;

9 (7) Persons working in these areas often do not earn enough
10 money to provide for their families; and

11 (8) In order to help the citizens in these areas succeed, the
12 state must work to encourage its residents to stay and to encourage
13 businesses to continue to operate in these parts of Arkansas.

14
15 SECTION 2 Arkansas Code § 26-51-201(a) concerning the imposition of
16 income taxes, is amended to read as follows:

17 26-51-201. Individuals, trusts, and estates.

18 (a) A Except as provided in § 26-51-208, a tax is imposed upon, and
19 with respect to, the entire income of every resident, individual, trust, or
20 estate. The tax shall be levied, collected, and paid annually upon the entire
21 net income as defined and computed in this chapter at the following rates,
22 giving effect to the tax credits provided hereafter, in the manner set forth:

23 (1) On the first two thousand nine hundred ninety-nine dollars
24 (\$2,999) of net income or any part thereof, one percent (1%);

25 (2) On the next three thousand dollars (\$3,000) of net income or
26 any part thereof, two and one-half percent (2 1/2%);

27 (3) On the next three thousand dollars (\$3,000) of net income or
28 any part thereof, three and one-half percent (3 1/2%);

29 (4) On the next six thousand dollars (\$6,000) of net income or
30 any part thereof, four and one-half percent (4 1/2%);

31 (5) On the next ten thousand dollars (\$10,000) of net income or
32 any part thereof, six percent (6%); and

33 (6) On net income of twenty-five thousand dollars (\$25,000) and
34 above, seven percent (7%).

35

1 SECTION 3. Arkansas Code Title 26, Chapter 51, Subchapter 2 is amended
2 to add a new section to read as follows:

3 26-51-208. Reduced income tax rates.

4 (a) Subsection (b) of this section establishes the tax rates imposed
5 upon the entire net income of every resident, individual, trust, or estate
6 located in a county in which:

7 (1) A net loss of ten percent (10%) of the population has
8 occurred over the last ten-year census period as recorded in the most recent
9 federal census;

10 (2) The poverty rate of the county as reported by the United
11 States Department of Agriculture is at least fifty percent (50%) above the
12 state average;

13 (3) The unemployment rate is equal to or in excess of one
14 hundred thirty-five percent (135%) of the state's average unemployment rate
15 for the preceding calendar year as specified by statewide annual labor force
16 statistics compiled by the Department of Workforce Services; or

17 (4) The county currently qualifies as a "distressed county" as
18 defined by the Economic Development Administration or the Delta Regional
19 Authority.

20 (b)(1) The tax under this section shall be levied, collected, and paid
21 annually upon the entire net income as defined and computed in this chapter
22 at the following rates:

23 (A) On the first twenty-four thousand dollars (\$24,000) of
24 net income, zero percent (0%);

25 (B) On net income of twenty-four thousand and one dollars
26 (\$24,001) to fifty thousand dollars (\$50,000), five percent (5%);

27 (C) On net income of fifty thousand and one dollars
28 (\$50,001) to seventy-five thousand dollars (\$75,000), five and one-half
29 percent (5.5%); and

30 (D) On net income of seventy five thousand and one dollars
31 (\$75,001) and above, six percent (6%).

32 (2) Subdivision (b)(1) of this section shall include tax rebates
33 provided by this chapter.

34 (c) The status of the taxpayer under this section shall be established
35 following each federal census and shall be effective for ten (10) years.

36

1 SECTION 4. Arkansas Code § 26-51-303(a)(9) and (10), concerning
2 exemption from the Income Tax Act of 1929, § 26-51-101 et seq., are amended
3 to read as follows:

4 (9) Corporations, trusts, and any community chest, fund, or
5 foundation, organized and operated exclusively for religious, charitable,
6 scientific, literary, or educational purposes, or for the prevention of
7 cruelty to children or animals, no part of the net earnings of which inures
8 to the benefit of any private shareholder or individual, no substantial part
9 of the activities of which is carrying on propaganda or otherwise attempting
10 to influence legislation, and which does not participate in, or intervene in,
11 including the publishing or distributing of statements, any political
12 campaign on behalf of or in opposition to any candidate for public office;
13 and

14 (10) A political organization that does not have political
15 organization taxable income for the tax year under 26 U.S.C. § 527, as in
16 effect on January 1, 2009; and

17 (11)(A) A partnership, limited liability company, or corporation
18 that that is located in a county in which:

19 (i) A net loss of ten percent (10%) of the
20 population has occurred over the last ten-year census period as recorded in
21 the most recent federal census;

22 (ii) The poverty rate of the county as reported by
23 the United States Department of Agriculture is at least fifty percent (50%)
24 above the state average;

25 (iii) The unemployment rate is equal to or in excess
26 of one hundred thirty-five percent (135%) of the state's average unemployment
27 rate for the preceding calendar year as specified by statewide annual labor
28 force statistics compiled by the Department of Workforce Services; or

29 (iv) The county currently qualifies as a "distressed
30 county" as defined by the Economic Development Administration or the Delta
31 Regional Authority.

32 (B) A change in the population of the county shall not
33 affect the exempt status of a partnership, limited liability company, or
34 corporation in the future.

35

1 SECTION 5. EFFECTIVE DATE. This act is effective beginning January 1,
2 2012.

3
4 Referred by the Arkansas Senate
5 Prepared by: MAG/VJF

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36