

**INCOME TAX PROPOSAL #21**  
*for consideration by the*  
**ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE**

**TOPIC:      Capital Gains Tax Exemption**

**Summary of Proposal for Consideration**

This proposal would repeal the capital gains tax exemption for capital gains over ten million dollars (\$10,000,000) under Arkansas Code § 26-51-815(b)(3), effective for tax years beginning January 1, 2019.

It is proposed that the revenue generated by the repeal of the capital gains tax exemption for capital gains over ten million dollars (\$10,000,000) be utilized to reduce the top income tax rate on individual earners or to reduce the income tax rate for all individual earners.

**Fiscal Analysis**

According to the Department of Finance and Administration (DFA), the repeal of the capital gains tax exemption for capital gains over ten million dollars (\$10,000,000) under Arkansas Code § 26-51-815 may result in a general revenue increase of four million six hundred and fifty thousand dollars (\$4,650,000).

**Potential Legal Issues**

None.