

Stricken language would be deleted from and underlined language would be added to present law.
Act 79 of the Regular Session

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 1159

5 By: Representatives Pitsch, Collins, Davis, Dotson
6 By: Senators J. Hendren, Hester
7

For An Act To Be Entitled

9 AN ACT TO CREATE THE TAX REFORM AND RELIEF ACT OF
10 2017; TO AMEND THE INCOME TAX RATES APPLICABLE TO
11 INDIVIDUALS, TRUSTS, AND ESTATES; TO CREATE THE
12 ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK
13 FORCE; TO DECLARE AN EMERGENCY; AND FOR OTHER
14 PURPOSES.
15
16

Subtitle

17 TO CREATE THE TAX REFORM AND RELIEF ACT
18 OF 2017; AND TO DECLARE AN EMERGENCY.
19
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21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. DO NOT CODIFY. This act shall be known and may be cited as
25 the "Tax Reform and Relief Act of 2017".
26

27 SECTION 2. Arkansas Code § 26-51-201(a)(7) and (8), concerning the
28 income tax imposed on individuals, trusts, and estates, is amended to read as
29 follows:

30 (7) ~~For tax years beginning on and after January 1, 2016, every~~
31 Every resident, individual, trust, or estate having net income greater than
32 or equal to twenty-one thousand dollars (\$21,000), but less than or equal to
33 seventy-five thousand dollars (\$75,000), shall determine the amount of income
34 tax due under this subsection in accordance with the table set forth below:

35 From	Less Than or Equal To	Rate
36 \$0	\$4,299	0.9% <u>0.75%</u>



1	\$4,300	\$8,399	2.5%
2	\$8,400	\$12,599	3.5%
3	\$12,600	\$20,999	4.5%
4	\$21,000	\$35,099	5%
5	\$35,100	\$75,000	6%

6 (8) ~~For tax years beginning on and after January 1, 2015, every~~
 7 Every resident, individual, trust, or estate having net income of less than
 8 twenty-one thousand dollars (\$21,000) shall determine the amount of income
 9 tax due under this subsection in accordance with the table set forth below:

10	From	Less Than or Equal To	Rate
11	\$0	\$4,299	0.9% <u>0%</u>
12	\$4,300	\$8,399	2.4% <u>2%</u>
13	\$8,400	\$12,599	3.4% <u>3%</u>
14	\$12,600	\$20,999	4.4% <u>3.4%</u>

15
 16 SECTION 3. TEMPORARY LANGUAGE. DO NOT CODIFY. Arkansas Tax Reform
 17 and Relief Legislative Task Force – Creation – Membership – Duties.

18 (a) There is created the Arkansas Tax Reform and Relief Legislative
 19 Task Force.

20 (b)(1) The task force shall consist of the following sixteen (16)
 21 members of the General Assembly:

22 (A) The President Pro Tempore of the Senate, or his or her
 23 designee who is a member of the Senate;

24 (B) Five (5) members of the Senate appointed by the
 25 President Pro Tempore of the Senate;

26 (C) The Senate Majority Leader, or his or her designee who
 27 is a member of the Senate;

28 (D) The Senate Minority Leader, or his or her designee who
 29 is a member of the Senate;

30 (E) The Speaker of the House of Representatives, or his or
 31 her designee who is a member of the House of Representatives;

32 (F) Five (5) members of the House of Representatives
 33 appointed by the Speaker of the House of Representatives;

34 (G) The House Majority Leader, or his or her designee who
 35 is a member of the House of Representatives; and

36 (H) The House Minority Leader, or his or her designee who

1 is a member of the House of Representatives.

2 (2) If a vacancy occurs on the task force, the vacancy shall be
3 filled by the same process as the original appointment.

4 (3) The members of the task force shall be paid per diem and
5 mileage as authorized by law for attendance at meetings of interim committees
6 of the General Assembly.

7 (c)(1) The Speaker of the House of Representatives shall call the
8 first meeting of the task force within thirty (30) days of sine die
9 adjournment of the 2017 regular session.

10 (2) The Speaker of the House of Representatives shall designate
11 a member of the task force to serve as chair of the first meeting of the task
12 force.

13 (3) At the first meeting of the task force, the members of the
14 task force shall elect from its membership a chair or co-chairs and other
15 officers as needed for the transaction of its business.

16 (4)(A) The task force shall conduct its meetings in Pulaski
17 County at the State Capitol or another site with teleconferencing
18 capabilities.

19 (B) Meetings of the task force shall be held at least one
20 (1) time every two (2) months but may occur more often at the call of the
21 chair.

22 (5) The task force shall establish rules and procedures for
23 conducting its business.

24 (6)(A) A majority of the members of the task force shall
25 constitute a quorum for transacting business of the task force.

26 (B) An affirmative vote of a majority of a quorum present
27 shall be required for the passage of a motion or other task force action.

28 (7) The Bureau of Legislative Research shall provide staff for
29 the task force.

30 (d)(1) The purpose of the task force is to examine and identify areas
31 of potential reform within the tax laws of the State of Arkansas and to
32 recommend legislation to the General Assembly for consideration during the
33 2019 regular session in order to:

34 (A) Modernize and simplify the Arkansas tax code;

35 (B) Make the Arkansas tax laws competitive with other
36 states in order to attract businesses to the state;

1 (C) Create jobs for Arkansans; and
 2 (D) Ensure fairness to all individuals and entities
 3 impacted by the tax laws of the State of Arkansas.

4 (2) If the task force determines it is necessary, it may
 5 contract with one (1) or more outside consultants to assist the task force
 6 with its study.

7 (3)(A) On or before December 1, 2017, the task force shall file
 8 with the Governor, the Speaker of the House of Representatives, and the
 9 President Pro Tempore of the Senate a written preliminary report of the task
 10 force's activities, findings, and recommendations.

11 (B) The task force shall file with the Governor, the
 12 Speaker of the House of Representatives, and the President Pro Tempore of the
 13 Senate a final written report on or before September 1, 2018.

14 (e) The task force shall expire on December 31, 2018.

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 16 SECTION 4. EFFECTIVE DATE. Section 2 of this act is effective for tax
 17 years beginning on and after January 1, 2019.

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 19 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
 20 General Assembly of the State of Arkansas that income tax rates for Arkansas
 21 residents are too high in comparison to the income tax rates in surrounding
 22 states; that these burdensome income tax rates prevent Arkansas from being
 23 competitive with surrounding states in the region; and that this act is
 24 immediately necessary because it is in the best interests of the state to
 25 increase Arkansas's ability to compete in the region by dedicating as much
 26 funding as is economically possible and prudent to relieve the income tax
 27 burden suffered by lower income taxpayers in the state. Therefore, an
 28 emergency is declared to exist, and this act being immediately necessary for
 29 the preservation of the public peace, health, and safety shall become
 30 effective on:

31 (1) The date of its approval by the Governor;

32 (2) If the bill is neither approved nor vetoed by the Governor,
 33 the expiration of the period of time during which the Governor may veto the
 34 bill; or

35 (3) If the bill is vetoed by the Governor and the veto is
 36 overridden, the date the last house overrides the veto.

ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE RULES OF PROCEDURE

PURPOSE: The purpose of these rules is to establish rules and procedures for conducting the business of the **Arkansas Tax Reform and Relief Legislative Task Force** and to inform the members of the Arkansas General Assembly and the public of the procedures and rules of the task force.

DUTIES:

1. The task force is required by Act 78 of 2017, the Tax Reform and Relief Act of 2017, to:

a. Examine and identify areas of potential reform within the tax laws of the State of Arkansas; and

b. Recommend legislation to the General Assembly for consideration during the 2019 Regular Session in order to:

(A) Modernize and simplify the Arkansas Tax Code;

(B) Make the Arkansas tax laws competitive with other states in order to attract businesses in the state;

(C) Create jobs for Arkansas; and

(D) Ensure fairness to all individuals and entities impacted by the tax laws of the State of Arkansas.

2. On or before December 1, 2017, the task force shall file with the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate a written preliminary report of the task force's activities, findings, and recommendations.

3. On or before September 1, 2018, the task force shall file with the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate a final written report.

4. The task force expires on December 31, 2018.

PARLIAMENTARY PROCEDURE: Except as otherwise specified by these rules, the rules of the Arkansas House of Representatives and the Arkansas Senate shall be observed by the task force, insofar as they are applicable. If an applicable rule does not exist or the House and Senate rules are incompatible, the chair shall decide the issue.

1. Quorum. The task force is made up of sixteen (16) members of the General Assembly. A majority of the members of the task force shall constitute a quorum for transacting business of the task force.

2. Action. An affirmative vote of a majority of a quorum present shall be required for the passage of a motion or other task force action.

3. Roll Call. The task force shall vote by voice vote unless a roll call vote is requested by two (2) or more task force members. Roll call votes shall be recorded in the meeting minutes.

4. Motions. A motion shall receive a second to be considered for action by the task force.

5. Public Comment. The chair may provide the public an opportunity to speak during a task force meeting to allow for public comment on issues before the task force.

6. Minutes. Staff shall produce minutes of each task force meeting to be adopted by the task force at the subsequent scheduled meeting.

7. Reimbursement of Witnesses. Reimbursement of travel expenses and mileage to an expert witness called to testify before the task force shall require an affirmative vote of a majority of the task force members prior to scheduling of the expert witness. The task force shall provide monthly reports to the Policy Making Subcommittee of the Legislative Council regarding the authorization and payment of expert witness expenses and any other special expenses incurred.

24. Expenditure of Legislative Council Funds.

(a)(1) **Special Expenses.** Any expenditure of Legislative Council funds for special expenses by a committee or task force of the General Assembly shall require an affirmative vote of a majority of the committee or task force wishing to expend the funds prior to expenditure of the funds.

(2)(A) For purposes of this rule, "special expenses" means any expenses incurred other than payment of mileage and per diem to members of the General Assembly for attendance at the meeting of the committee or task force, and includes without limitation witness fees, interpreter fees, and court reporter expenses.

(B) "Special expenses" does not include expenditure of funds in relation to the hiring of a consultant.

(3) Any committee or task force voting to incur special expenses shall provide monthly reports to the Policy Making Subcommittee of the Legislative Council regarding authorization and payment of the special expenses.

In accordance with this rule, committees and task forces may either vote to grant authority to approve special expenses to the chair or chairs of the task force or committee, OR the full committee may vote each time a special expense arises. As you know, the logistics of voting each time do not work out. Once a special expense is incurred, the committee shall send a report to the Policy Making Subcommittee of ALC regarding the purpose and amount of the special expense.

Special expense does not include the hiring of a consultant.

Motion: I move that the Tax Reform and Relief Task Force grant the authority for approval of special expenses of the Task Force to the chairs of the Tax Reform and Relief Task Force.

