

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1679

By: Representative Horn

For An Act To Be Entitled

"AN ACT TO REPEAL THE TEXARKANA INCOME TAX EXEMPTION AND THE ADDITIONAL SALES TAX AND SUBSTITUTE THEREFOR A STATE INCOME TAX CREDIT EQUAL TO ONE-HALF OF THE ANNUAL INCOME TAX LIABILITY OF TEXARKANA RESIDENTS; AND FOR OTHER PURPOSES."

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

SECTION 1. (a) (1) In the passage of this Act, the General Assembly is cognizant of the inequities faced by cities and towns in this State and their inhabitants when the cities and towns are divided by a state line from an incorporated city or town in another state in which the tax burden of the citizens of the city or town in the adjoining state is substantially less than the tax burden imposed by the laws of this State upon the citizens of a border city or town in this State.

(2) The General Assembly is also cognizant that these tax inequities offer inducements to citizens who would otherwise settle in Arkansas and operate businesses in Arkansas to move to the border cities in the adjoining states.

(b) The passage of this Act is designed to establish a method of equalizing the inequities imposed under the tax laws of this State, thereby offering inducements to persons to establish their homes and businesses in the Arkansas border city or town.

SECTION 2. (a) Effective for income years beginning on and after January 1, 1990, individual taxpayers residing within an Arkansas border city which is divided by a street state line from an incorporated city or town in an adjoining state shall receive a credit against their Arkansas income tax

liability in an amount equal to one-half (1/2) of what would otherwise be their income tax liability.

(b) Any individual taxpayer residing in any border city or town located outside the State of Arkansas shall be entitled to the benefits of the provisions of this section with respect to income derived by any individual taxpayer from employment or business activity engaged in the Arkansas border city upon the income tax that is due the State of Arkansas under the provisions of the Arkansas Income Tax Act, as amended, Arkansas Code 26-51-101 et seq.

SECTION 3. If the state adjoining the Arkansas border city which is divided by a street state line from an incorporated city or town in an adjoining state enacts a state income tax law, the residents of the Arkansas border city shall neither receive the credit provided by this Act nor be exempt from the Arkansas income tax.

SECTION 4. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 5. Arkansas Code 26-52-601 through 606 is hereby repealed effective January 1, 1990.

