

1 State of Arkansas

2 80th General Assembly

3 Regular Session, 1995

4 By: Representative Courtway

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A Bill

HOUSE BILL

1039

For An Act To Be Entitled

8

"AN ACT TO INDEX INDIVIDUAL INCOME TAX RATES; AND FOR
9 OTHER PURPOSES."

10

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Subtitle

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"AN ACT TO INDEX INDIVIDUAL INCOME TAX
13 RATES."

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

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17 SECTION 1. SECTION 26-51-201 of the Arkansas Code Annotated is amended
18 by adding at the end thereof a new subsection (d) to read as follows:

19 "(d)(1) Not later than December 15, 1995, and the 15th Day of December
20 of each year thereafter, the director shall prescribe individual income tax
21 tables which shall adjust the dollar amounts set forth in subsection (a) of
22 *this section for changes in the cost of living as set forth in subsection*
23 *(d)(2). Once adjusted, the dollar amounts shall apply to individual*
24 *taxpayers in lieu of those amounts set forth in subsection (a).*

25 (2) In developing the tables, the director shall adjust *the*
26 *dollar amounts by one-half (1/2) of the percentage increase in the cost of*
27 *living, subject to a maximum adjustment in any year of 2.5% but shall not*
28 *change the percentage rate applicable to such increased dollar amount.*

29 (3) For purposes of this subsection, the cost of living for
30 taxable year 1996 shall be the percentage by which:

31 (A) the CPI for any taxable year exceeds

32 (B) the CPI for taxable year 1994.

33 (4) For purposes of this section, CPI for any calendar year is
34 the average of the Consumer Price Index as of the close of the twelve (12)
35 month period ending on August 31 of that calendar year.

1 (5) For purposes of this section, Consumer Price Index shall be
2 determined by the director. In developing the Consumer Price Index, the
3 director shall take into account the adjustment promulgated by the Secretary
4 of the Treasury under §1(e) of the Internal Revenue Code of 1986, as amended,
5 and cost of living and inflation figures published by economic educational
6 services or institutions in this State.

7 (6) The new tables, as adjusted, shall apply for tax returns
8 filed for taxable years 1996, and thereafter, and shall be used by the
9 director in preparing the income tax withholding tables pursuant to §26-51-
10 907.

11 (7) In adjusting the dollar amounts in subsection (d)(1) which
12 apply to taxable years beginning after taxable year 1996, the cost of living
13 adjustment used in making adjustments to the dollar amounts referred to in
14 subsection (d)(2) shall be determined under subsection (d)(3)(B) by
15 substituting _1995_ for _1994_."

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17 SECTION 2. All provisions of this act of a general and permanent
18 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
19 Code Revision Commission shall incorporate the same in the Code.

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21 SECTION 3. If any provision of this act or the application thereof to
22 any person or circumstance is held invalid, such invalidity shall not affect
23 other provisions or applications of the act which can be given effect without
24 the invalid provision or application, and to this end the provisions of this
25 act are declared to be severable.

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27 SECTION 4. All laws and parts of laws in conflict with this act are
28 hereby repealed.

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/s/Rep. Courtway, et al

