

1 State of Arkansas

2 80th General Assembly

3 Regular Session, 1995

4 By: Representative Mullenix

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For An Act To Be Entitled

8 "AN ACT RELATING TO INDIVIDUAL INCOME TAX; AND FOR OTHER

9 PURPOSES."

10

11

Subtitle

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"RELATING TO INDIVIDUAL INCOME TAX."

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

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16 SECTION 1. Arkansas Code §26-51-201 is amended to read as follows:

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

18 (a) A tax is imposed upon, and with respect to, the entire income of
19 every trust or estate. The tax shall be levied, collected, and paid annually
20 upon the entire net income as defined and computed in this chapter at the
21 following rates, giving effect to the tax credits provided hereafter, in the
22 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%);

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

35 (b) However, no state income tax shall be due this state from a trust

1 or estate created by a nonresident donor, trustor, or settlor, or by a
2 nonresident testator even though administered by a resident trustee or
3 personal representative except on income derived from:

4 (1) Lands situated in this state, including gains from any sale
5 thereof;

6 (2) Any interest in lands situated in this state, including,
7 without limitation, chattels real, including gains from any sale thereof;

8 (3) Tangible personal property located in Arkansas, including
9 gains from any sale thereof; and

10 (4) Unincorporated businesses domiciled in Arkansas.

11 (c) No income tax shall be due the State of Arkansas from a
12 nonresident beneficiary on income received from a trust being administered by
13 a resident trustee except on income derived by the trust from:

14 (1) Lands situated in this state, including gains from any sale
15 thereof;

16 (2) Any interest in lands situated in this state, including,
17 without limitation, chattels real, including gains from any sale thereof;

18 (3) Tangible personal property located in Arkansas, including
19 gains from any sale thereof; and

20 (4) Unincorporated businesses domiciled in Arkansas.

21 (d) A tax is imposed upon, and with respect to, the net adjusted gross
22 income of every individual resident of this state. Net adjusted gross income
23 is the taxpayer_s adjusted gross income minus five thousand dollars (\$5,000)
24 for the taxpayer and each dependent. Except for the deduction provided in
25 this subsection, individual income tax taxpayers shall hereafter be entitled
26 to no credits, exemptions or deductions for computing their state income tax
27 liability. The tax shall be levied, collected, and paid annually upon the
28 net gross income as follows:

29 (1) Four and eight-tenths percent (4.8%) of the first one
30 hundred ninety-nine thousand nine hundred ninety-nine dollars (\$199,999) of
31 net adjusted gross income; and

32 (2) Seven and five-tenths percent (7.5%) of the net adjusted
33 gross income in excess of one hundred ninety-nine thousand nine hundred
34 ninety-nine dollars (\$199,999)."

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1 SECTION 2. Arkansas Code §§26-51-301, 302, 305, 306, 307, and 310 are
2 repealed.

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4 SECTION 3. All provisions of this act of a general and permanent
5 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
6 Code Revision Commission shall incorporate the same in the Code.

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8 SECTION 4. If any provision of this act or the application thereof to
9 any person or circumstance is held invalid, such invalidity shall not affect
10 other provisions or applications of the act which can be given effect without
11 the invalid provision or application, and to this end the provisions of this
12 act are declared to be severable.

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14 SECTION 5. All laws and parts of laws in conflict with this act are
15 hereby repealed.

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