

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997

# A Bill

HOUSE BILL 1034

4 By: Representative Courtway

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## For An Act To Be Entitled

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

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## Subtitle

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"AN ACT TO INDEX INDIVIDUAL INCOME TAX  
13 RATES AND PERSONAL TAX CREDITS."

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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, 1997, 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. Once adjusted, the dollar  
23 amounts shall apply to individual taxpayers in lieu of those amounts set forth  
24 in subsection (a).

25 (2) In developing the tables, the director shall adjust the  
26 dollar amounts by the percentage increase in the cost of living, but shall not  
27 change the percentage rate applicable to such increased dollar amount.

28 (3) For purposes of this subsection, the cost of living  
29 adjustment for taxable year 1998 shall be the percentage by which:

30 (A) the CPI for any taxable year exceeds

31 (B) the CPI for taxable year 1996.

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

35 (5) For purposes of this section, Consumer Price Index shall be  
36 determined by the director. In developing the Consumer Price Index, the

1 director shall take into account the adjustment promulgated by the Secretary  
2 of the Treasury under §1(e) of the Internal Revenue Code of 1986, as amended,  
3 and cost of living and inflation figures published by economic educational  
4 services or institutions in this State.

5 (6) This new tables, as adjusted, shall apply for tax returns  
6 filed for taxable year 1998, and thereafter, and shall be used by the director  
7 in preparing the income tax withholding tables pursuant to §26-51-907.

8 (7) In adjusting the dollar amounts in subsection (d)(1) which  
9 apply to taxable years beginning after taxable year 1998, the cost of living  
10 adjustment used in making adjustments to the dollar amounts referred to in  
11 subsection (d)(2) shall be determined under subsection (d)(3)(B) by  
12 substituting '1997' for '1996'.

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14 SECTION 2. Section 26-51-501 of the Arkansas Code Annotated is amended  
15 by adding at the end thereof a new subsection (d) to read as follows:

16 "(d)(1) Not later than December 15, 1997, and the 15th day of December  
17 of each year thereafter, the director shall adjust the dollar amounts of the  
18 personal tax credits set forth in this section for changes in the cost of  
19 living. Once promulgated, the adjusted dollar amounts shall apply in lieu of  
20 the amounts set forth in this section.

21 (2) for purposes of this subsection (d), the cost of living  
22 adjustment shall be the same percentage increase in the cost of living  
23 computed under the authority of §26-51-201(d). The new dollar amounts shall  
24 apply for tax returns filed for tax years 1997 and thereafter, and shall be  
25 used by the director in preparing the income tax withholding tables pursuant  
26 to §26-51-907."

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

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32 SECTION 4. If any provision of this act or the application thereof to  
33 any person or circumstance is held invalid, such invalidity shall not affect  
34 other provisions or applications of the act which can be given effect without  
35 the invalid provision or application, and to this end the provisions of this  
36 act are declared to be severable.

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