

Stricken language would be deleted from present law. Underlined language would be added to present law.

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

As Engrossed: S3/4/97

A Bill

SENATE BILL 535

4
5 By: Senators Russ, Canada, Hopkins, and Hunter

For An Act To Be Entitled

9 "AN ACT TO EXEMPT CERTAIN FOODS FROM STATE SALES AND USE
10 TAX; TO PHASE IN THIS EXEMPTION OVER A PERIOD OF FOUR (4)
11 YEARS; TO PROVIDE INCOME TAX RELIEF; AND FOR OTHER
12 PURPOSES."

Subtitle

15 "TO EXEMPT CERTAIN FOODS FROM STATE
16 SALES AND USE TAX AND TO PROVIDE INCOME
17 TAX RELIEF."

18
19
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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22 SECTION 1. (a) For purposes of this act, [Ⓔ]eligible food and beverage[■]
23 means any food as defined in Section 3 of the federal Food Stamp Act of 1977
24 (P.L. 95-113), as amended, 7 U.S.C.S. 2012(g), as the Act existed on January
25 1, 1997, except [Ⓔ]eligible food and beverage[■] shall not include soft drinks as
26 defined by Arkansas Code [Ⓢ]26-57-902(b)(14).

27 (b) The sales and use taxes levied by Chapters 52 and 53 of Title 26 of
28 the Arkansas Code on eligible food and beverage sold for human consumption
29 shall be reduced to 3% for sales occurring after December 31, 1997 through
30 June 30, 1998.

31 (c) The sales and use taxes levied by Chapters 52 and 53 of Title 26 of
32 the Arkansas Code on eligible food and beverage sold for human consumption
33 shall be reduced to two percent (2%) for sales occurring after June 30, 1998
34 through June 30, 1999.

35 (d) The sales and use taxes levied by Chapters 52 and 53 of Title 26 of
36 the Arkansas Code on eligible food and beverage sold for human consumption

1 shall be reduced to one percent (1%) for sales occurring after June 30, 1999
2 through June 30, 2000.

3 (e) Beginning July 1, 2000 eligible food and beverage sold for human
4 consumption shall be exempt for the sales and use taxes levied by Chapters 52
5 and 53 of Title 26 of the Arkansas Code.

6 (f) The exemption provided in this act shall not affect local sales and
7 use taxes levied in this state and [ⓐ]eligible food and beverage[ⓑ] and soft
8 drinks shall continue to be subject to local sales and use taxes.

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10 SECTION 2. Arkansas Code Ann. § 26-51-430 is amended to read as
11 follows:

12 "26-51-430. Deductions - Standard deduction.

13 (a) In lieu of itemizing deductions, ~~the~~each taxpayer may elect to use
14 the standard deduction.

15 ~~—— (b) The standard deduction shall be computed in the following manner:~~

16 ~~—— (1) If his gross income is five thousand dollars (\$5,000) or more, the~~
17 ~~standard deduction shall be one thousand dollars (\$1,000) or an amount equal~~
18 ~~to ten percent (10%) of the gross income, whichever is the lesser, except that~~
19 ~~in the case of a separate return by a married individual, the standard~~
20 ~~deduction shall be five hundred dollars (\$500);~~

21 ~~—— (2) If his gross income is less than five thousand dollars (\$5,000),~~
22 ~~the standard deduction shall be an amount equal to ten percent (10%) of the~~
23 ~~gross income.~~

24 (b) The standard deduction shall be one thousand dollars (\$1,000) per
25 taxpayer. In the case of a married couple, each spouse shall be entitled to
26 claim a standard deduction of one thousand dollars (\$1,000)."

27

28 SECTION 3. Ark. Code Ann. § 26-51-201 concerning individual income tax
29 rates is amended to add a new paragraph to read as follows:

30 "(d)(1) Not later than December 15 of 1998, and each subsequent
31 calendar year, the Director shall prescribe a table which shall apply in lieu
32 of the table contained in §26-51-201(a) with respect to taxable years
33 beginning in the succeeding calendar year. The Director shall increase the
34 minimum and maximum dollar amounts for each rate bracket (rounding to the
35 nearest \$100) for which a tax is imposed under such table by the cost-of-
36 living adjustment (COLA) for such calendar year and by not changing the rate

1 applicable to any rate bracket as adjusted. The yearly COLA increase in each
2 rate bracket as provided in paragraph (2) shall apply to the brackets as
3 contained in § 26-51-201(a) as in effect on January 1, 1998.

4 (2) For purposes of paragraph (1), the cost-of-living adjustment
5 for any calendar year is the percentage (if any) by which the CPI for the
6 calendar year preceding the taxable year exceeds the CPI for the calendar year
7 1997, not to exceed three percent (3%). The CPI for any calendar year is the
8 average of the Consumer Price Index as of the close of the 12-month period
9 ending on August 31 of such calendar year. Consumer Price Index means the
10 last Consumer Price Index for all-urban consumers published by the Department
11 of Labor.

12 (3) The new tables, as adjusted, shall apply for tax returns filed
13 for taxable year 1999 and thereafter, and shall be used by the Director in
14 preparing the income tax withholding tables pursuant to Ark. Code Ann. § 26-
15 51-907."

16
17 SECTION 4. Arkansas Code § 26-51-607 is amended to read as follows:

18 "(a) The amount of any case refund allowed or made pursuant to the
19 provisions of this subchapter shall be determined as follows:

20 (1) If the household income of the claimant's household was ~~seven~~
21 ~~thousand dollars (\$7,000)~~eight thousand dollars (\$8,000) or less during the
22 income year, the claimant shall be entitled to file a claim for an amount
23 equal to the ad valorem taxes paid on the claimant's homestead; however, the
24 maximum refund any claimant may receive under this subdivision shall be ~~two~~
25 ~~hundred fifty dollars (\$250)~~three hundred dollars (\$300);

26 (2) If the household income of the claimant's household is more
27 than ~~seven thousand dollars (\$7,000)~~eight thousand dollars (\$8,000) but not
28 more than ~~eight thousand dollars (\$8,000)~~nine thousand dollars (\$9,000) for
29 the income year, the claimant shall be entitled to file a claim for an amount
30 equal to the ad valorem taxes paid on the claimant's homestead; however, the
31 maximum refund any claimant may receive under this subdivision shall be ~~two~~
32 ~~hundred dollars (\$200)~~two hundred fifty dollars (\$250);

33 (3) If the household income of the claimant's household is more
34 than ~~eight thousand dollars (\$8,000)~~nine thousand dollars (\$9,000) but not
35 more than ~~nine thousand dollars (\$9,000)~~ten thousand dollars (\$10,000) for the
36 income year, the claimant shall be entitled to file a claim for an amount

1 equal to the ad valorem taxes paid on the claimant's homestead; however, the
2 maximum refund any claimant may receive under this subdivision shall be ~~one~~
3 ~~hundred fifty dollars (\$150)~~ two hundred dollars (\$200);

4 (4) If the household income of the claimant's household is more
5 than ~~nine thousand dollars (\$9,000)~~ ten thousand dollars (\$10,000) but not more
6 than ~~ten thousand dollars (\$10,000)~~ eleven thousand dollars (\$11,000) for the
7 income year, the claimant shall be entitled to file a claim for an amount
8 equal to the ad valorem taxes paid on the claimant's homestead; however, the
9 maximum refund any claimant may receive under this subdivision shall be ~~one~~
10 ~~hundred dollars (\$100)~~ one hundred fifty dollars (\$150);

11 (5) If the household income of the claimant's household is more
12 than ~~ten thousand dollars (\$10,000)~~ eleven thousand dollars (\$11,000) but not
13 more than ~~eleven thousand dollars (\$11,000)~~ twelve thousand dollars (\$12,000)
14 for the income year, the claimant shall be entitled to file a claim for an
15 amount equal to the ad valorem taxes paid on the claimant's homestead;
16 however, the maximum refund any claimant may receive under this subdivision
17 shall be ~~seventy-five dollars (\$75)~~ one hundred twenty-five dollars (\$125);

18 (6) If the household income of the claimant's household is more
19 than ~~eleven thousand dollars (\$11,000)~~ twelve thousand dollars (\$12,000) but
20 not more than ~~fifteen thousand dollars (\$15,000)~~ sixteen thousand dollars
21 (\$16,000) for the income year, the claimant shall be entitled to file a claim
22 for an amount equal to the ad valorem taxes paid on the claimant's homestead;
23 however, the maximum refund any claimant may receive under this subdivision
24 shall be ~~fifty dollars (\$50)~~ one hundred dollars (\$100).

25 (b) The refund shall be paid to the claimant as a cash refund.
26 However, no interest shall be allowed on any payment made to a claimant under
27 the provisions of this subchapter.

28 (c) If a claimant or another member of the household has any
29 outstanding tax liability to the State of Arkansas, the amount of any claim
30 otherwise payable under this subchapter, or such portion thereof as is
31 necessary, shall be applied to the payment of the outstanding tax liability."
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33 SECTION 5. The provisions of Sections 2 and 3 of this act shall be
34 effective as provided in this section unless a constitutional amendment or
35 initiated act shall be approved before November 15, 1998, which exempts food,
36 either wholly or partially, from the Arkansas gross receipts tax. If a

1 constitutional amendment or initiated act is approved, then the provisions of
2 Sections 2 and 3 shall not take effect. If a constitutional amendment or
3 initiated act is not approved, then the provisions of Section 2 of this act
4 shall be effective for tax years beginning on and after January 1, 1999 and
5 the provisions of Section 3 of this act shall be effective as provided in that
6 section.

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8 SECTION 6. The provisions of Section 4 of this Act shall be applicable
9 for property tax refund claims filed in 1999 for property taxes paid in 1998
10 and subsequent years."

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12 SECTION 7. All provisions of this act of a general and permanent nature
13 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
14 Revision Commission shall incorporate the same in the Code.

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16 SECTION 8. If any provision of this act or the application thereof to
17 any person or circumstance is held invalid, such invalidity shall not affect
18 other provisions or applications of the act which can be given effect without
19 the invalid provision or application, and to this end the provisions of this
20 act are declared to be severable.

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22 SECTION 9. All laws and parts of laws in conflict with this act are
23 hereby repealed.

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26 /s/Russ et al

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