

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001

A Bill

HOUSE BILL 2463

4
5 By: Representative Hutchinson
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For An Act To Be Entitled

9 AN ACT TO ADJUST THE NET INCOME LEVEL USED FOR
10 DETERMINING INCOME TAX RATE BASED UPON THE
11 INFLATION RATE; AND FOR OTHER PURPOSES.
12

Subtitle

13 TO ADJUST THE NET INCOME LEVEL USED FOR
14 DETERMINING INCOME TAX RATE BASED UPON
15 THE INFLATION RATE.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code 26-51-201(a), concerning the rate of income
22 tax, is amended to read as follows:

23 (a) (1) A tax is imposed upon, and with respect to, the entire income
24 of every resident, individual, trust, or estate. The tax shall be levied,
25 collected, and paid annually upon the entire net income as defined and
26 computed in this chapter at the following rates, giving effect to the tax
27 credits provided hereafter, in the manner set forth:

28 ~~(1)~~ (A) On the first two thousand nine hundred ninety-nine
29 dollars (\$2,999) of net income or any part thereof, one percent (1%);

30 ~~(2)~~ (B) On the next three thousand dollars (\$3,000) of net
31 income or any part thereof, two and one-half percent (2 1/2%);

32 ~~(3)~~ (C) On the next three thousand dollars (\$3,000) of net
33 income or any part thereof, three and one-half percent (3 1/2%);

34 ~~(4)~~ (D) On the next six thousand dollars (\$6,000) of net
35 income or any part thereof, four and one-half percent (4 1/2%);

36 ~~(5)~~ (E) On the next ten thousand dollars (\$10,000) of net

1 income or any part thereof, six percent (6%);

2 ~~(6)~~ (F) On net income of twenty-five thousand dollars
3 (\$25,000) and above, seven percent (7%).

4 (2)(A)(i) Within thirty days after effective date of this act
5 the director shall increase the net income amounts of subdivision (a)(1) of
6 this section by the cost-of-living adjustment (COLA) for the 2001 calendar
7 year rounding each amount to the nearest dollar (\$1.00).

8 (ii) Not later than December 15, 2001, and of each
9 subsequent calendar year, the director shall increase the adjusted net income
10 by the cost-of-living adjustment (COLA) for the next calendar year rounding
11 each amount to the nearest dollar (\$1.00).

12 (iii) The annual cost-of-living adjustment shall
13 apply to the adjusted net income as contained in subdivision (a)(1) of this
14 section.

15 (B)(i) For purposes of subdivision (a)(2) of this section,
16 the cost-of-living adjustment for any calendar year is the percentage, if
17 any, by which the Consumer Price Index for the calendar year preceding the
18 taxable year exceeds the Consumer Price Index for the calendar year 1999.

19 (ii) The Consumer Price Index for any calendar year
20 is the average of the Consumer Price Index as of the close of the twelve-
21 month period ending on August 31 of the calendar year.

22 (iii) "Consumer Price Index" means the last Consumer
23 Price Index for all urban consumers published by the Department of Labor.

24 (3) The adjusted net income amounts shall apply for tax years
25 beginning on and after January 1, 2001.

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