

1 State of Arkansas
2 84th General Assembly
3 Second Extraordinary Session, 2003
4

As Engrossed: H1/14/04 H1/23/04
A Bill

Call Item 6

HOUSE BILL 1093

5 By: Representatives Matayo, Anderson, Harris, Kenney, Key, Rosenbaum
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For An Act To Be Entitled

9 TO REPEAL THE INCOME TAX SURCHARGE LEVIED UNDER
10 ACT 38 OF THE FIRST EXTRAORDINARY SESSION OF
11 2003; AND FOR OTHER PURPOSES.
12

Subtitle

14 TO REPEAL THE INCOME TAX SURCHARGE.
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16

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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19 SECTION 1. Arkansas Code § 26-51-207, as added by Section 3 of Act 38
20 of the First Extraordinary Session of 2003, is repealed.

21 ~~26-51-207. Income tax surcharge.~~

22 ~~(a) In addition to the tax levied by §§ 26-51-201 through 26-51-206,~~
23 ~~26-51-301, and 26-51-302, there is hereby levied an income tax surcharge of~~
24 ~~three percent (3%) of the tax liability of every person required to file an~~
25 ~~Arkansas income tax return.~~

26 ~~(b)(1) If an individual is a resident of an Arkansas border city~~
27 ~~described in §§ 26-52-601 through 26-52-607, then the individual shall be~~
28 ~~liable for the income tax surcharge levied in subsection (a) of this section.~~

29 ~~(2) The surcharge shall be computed on the tax liability that~~
30 ~~would have been due had the income tax exemption of §§ 26-52-601 through 26-~~
31 ~~52-607 not been available.~~

32 ~~(3) The income tax exemption of §§ 26-52-601 through 26-52-607~~
33 ~~shall not apply to the income tax levied in subsection (a) of this section.~~

34 ~~(c) The revenues derived from the additional tax imposed by this~~
35 ~~section shall be credited to the General Revenue Fund Account of the State~~
36 ~~Apportionment Fund, there to be distributed with the other gross general~~



1 ~~revenue collections.~~

2 ~~(d) For purposes of this section, "tax liability" means the tax~~
3 ~~imposed pursuant to §§ 26-51-201 through 26-51-206, 26-51-301, and 26-52-302,~~
4 ~~before the application of any tax credits.~~

5 ~~(e) This section shall apply to tax years beginning in calendar~~
6 ~~years 2003 and 2004.~~

7 ~~(f)(1) This section shall also continue to apply to tax years~~
8 ~~beginning on and after January 1, 2005, except as provided in this subsection~~
9 ~~(f).~~

10 ~~(2) When the budget estimates required by § 19-4-202(b) for the~~
11 ~~fiscal year ending June 30, 2006, reflect projected growth in general~~
12 ~~revenues available for distribution equal to or in excess of one hundred~~
13 ~~twenty one million dollars (\$121,000,000), then the tax rate levied in § 26-~~
14 ~~51-207 shall be reduced or expire in accordance with this subsection (f).~~

15 ~~(3)(A) When the budget estimates required by § 19-4-202(b) for~~
16 ~~the fiscal year ending June 30, 2006, reflect projected growth in general~~
17 ~~revenues available for distribution equal to or in excess of one hundred~~
18 ~~fifty six million dollars (\$156,000,000), then the tax levied in § 26-51-207~~
19 ~~shall expire for tax years beginning on and after January 1, 2005.~~

20 ~~(B) When the budget estimates required by § 19-4-202(b) for the~~
21 ~~fiscal year ending June 30, 2006, reflect projected growth in general~~
22 ~~revenues available for distribution equal to or in excess of one hundred~~
23 ~~thirty nine million dollars (\$139,000,000) but less than one hundred fifty-~~
24 ~~six million dollars (\$156,000,000), then the tax rate levied in § 26-51-207~~
25 ~~shall be reduced to one percent (1%) for tax years beginning in calendar year~~
26 ~~2005 and for subsequent years.~~

27 ~~(C) When the budget estimates required by § 19-4-202(b) for the~~
28 ~~fiscal year ending June 30, 2006, reflect projected growth in general~~
29 ~~revenues available for distribution equal to or in excess of one hundred~~
30 ~~twenty one million dollars (\$121,000,000) but less than one hundred thirty-~~
31 ~~nine million dollars (\$139,000,000), then the tax rate levied in § 26-51-207~~
32 ~~shall be reduced to two percent (2%) for tax years beginning in calendar year~~
33 ~~2005 and for subsequent years.~~

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35 SECTION 2. This act shall apply to tax years beginning on or after
36 January 1, 2003.

1 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
2 General Assembly of the State of Arkansas that as a result of the Arkansas
3 Supreme Court decision, Lake View Sch. Dist. No. 25 v. Huckabee, 351 Ark. 31,
4 91 S.W.3d 472 (2002), additional revenue is necessary for the improvement of
5 public schools, to provide all Arkansas children an adequate education, and
6 to equalize funding for schools and teachers; that without additional
7 revenue, the state will be unable to fulfill its constitutional duty to
8 provide an adequate and equitable education to Arkansas children; and that
9 this act is immediately necessary as it will provide needed revenue for the
10 support and improvement of public schools. Therefore, an emergency is
11 declared to exist and this act being necessary for the preservation of the
12 public peace, health, and safety shall become effective on:

13 (1) The date of its approval by the Governor;

14 (2) If the bill is neither approved nor vetoed by the Governor,
15 the expiration of the period of time during which the Governor may veto the
16 bill; or

17 (3) If the bill is vetoed by the Governor and the veto is
18 overridden, the date the last house overrides the veto.

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20 /s/ Matayo, et al
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