

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 85th General Assembly  
3 Regular Session, 2005

# A Bill

HOUSE BILL 1004

4  
5 By: Representative Thyer  
6  
7

## For An Act To Be Entitled

9 AN ACT TO REPEAL THE INCOME TAX SURCHARGE  
10 BEGINNING WITH TAX YEAR 2005; AND FOR OTHER  
11 PURPOSES.  
12

## Subtitle

13 AN ACT TO REPEAL THE INCOME TAX  
14 SURCHARGE BEGINNING WITH TAX YEAR 2005.  
15  
16  
17

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

20 SECTION 1. Arkansas Code § 26-51-207 is amended as follows:

21 26-51-207. Income tax surcharge.

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

26 (b)(1) If an individual is a resident of an Arkansas border city  
27 described in § 26-52-601 et seq., the individual shall be liable for the  
28 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 et seq. not  
31 been available.

32 (3) The income tax exemption of § 26-52-601 et seq. shall not  
33 apply to the income tax surcharge 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 taxes  
 3 imposed pursuant to §§ 26-51-201, 26-51-301, and 26-52-302 before the  
 4 application of any tax credits.

5 (e) This section shall apply only 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 January 1, 2005, except as provided in this subsection.~~

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

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

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

26 ~~(C) When the budget estimates required by § 19-4-202(b)  
 27 for the fiscal year ending June 30, 2006, reflect projected growth in general  
 28 revenues available for distribution equal to or in excess of one hundred  
 29 twenty one million dollars (\$121,000,000) but less than one hundred thirty-  
 30 nine million dollars (\$139,000,000), the tax rate levied in this section  
 31 shall be reduced to two percent (2%) for tax years beginning on and after  
 32 January 1, 2005.~~

33

34 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
 35 General Assembly of the State of Arkansas that there has been sufficient  
 36 growth in general revenues to repeal the income tax surcharge beginning with

1 income tax year 2005; that to continue the income tax surcharge after income  
2 tax year 2004 would result in harm to Arkansas residents; and that this bill  
3 will provide the necessary relief to those taxpayers. Therefore, an  
4 emergency is declared to exist and this act being immediately necessary for  
5 the preservation of the public peace, health, and safety shall become  
6 effective on January 1, 2005.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36