

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 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: H3/14/07

A Bill

HOUSE BILL 2665

5 By: Representatives Garner, Allen, Anderson, T. Baker, Berry, E. Brown, Burkes, Chesterfield, D.
6 Creekmore, Dunn, D. Evans, Gaskill, George, Glidewell, R. Green, Greenberg, Hall, Hardwick, Harris,
7 D. Hutchinson, Hyde, Kenney, Key, King, Lamoureux, M. Martin, Maxwell, Medley, Norton, Overbey,
8 Pace, Patterson, Pierce, Pyle, Ragland, J. Roebuck, Rogers, Rosenbaum, Sample, Schulte, Sullivan,
9 Walters, Wells, Wills, Woods
10 By: Senators Altes, Baker, Hendren, B. Pritchard
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For An Act To Be Entitled

13 AN ACT TO IMPROVE OPPORTUNITY FOR ALL ARKANSANS
14 TO SECURE HIGHER PAYING JOBS BY INCREASING THE
15 RETENTION OF CAPITAL WITHIN THE STATE AND TO
16 ATTRACT NEW INVESTMENT TO THE STATE; TO REDUCE
17 THE INCOME TAX RATES OF THE STATE OF ARKANSAS
18 WHEN NET GENERAL REVENUES ARE SUFFICIENT; TO
19 REDUCE INCOME TAX LEVELS BASED ON A FORMULA
20 RELATED TO INFLATION-ADJUSTED MARGIN OF GROWTH;
21 AND FOR OTHER PURPOSES.
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Subtitle

23 THE INCOME TAX PLEDGE ACT OF 2007.
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28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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30 SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 4 is amended
31 to add an additional section to read as follows:

32 26-51-455. Reduction of income tax.

33 (a) As used in this section, "Inflation adjusted margin of growth"
34 means a yearly amount adjusted at the close of the fiscal year, but not later
35 than August 31 of that calendar year, by the "Consumer Price Index for All
36 Urban Consumers", as published by the United States Department of Labor, or



1 its successor, for that fiscal year.

2 (b) If the net general revenue collected from taxes by the state for
3 fiscal year 2008 reach or exceed four billion seven hundred million dollars
4 (\$4,700,000,000), the income tax rate is reduced by one-quarter of one
5 percent for all income brackets and shall remain at the new rate, effective
6 January 1, 2009 for income taxes paid in taxable year 2008.

7 (c) For fiscal year 2009, the inflation-adjusted margin of growth
8 shall be two hundred fifty million dollars (\$250,000,000) adjusted by the
9 Consumer Price Index for All Urban Consumers for that fiscal year as
10 published by the United States Department of Labor, or its successor.

11 (d) For any fiscal year following fiscal year 2009, the current
12 Inflation Adjusted Margin of Growth shall be determined by adjusting the
13 Inflation Adjusted Margin of Growth of the previous fiscal year by the CPI-U
14 of the current fiscal year.

15 (e) For any fiscal year following fiscal year 2009, should the net
16 general revenue of that fiscal year exceed the highest net general revenue of
17 any previous fiscal year by amount greater than the current fiscal year's
18 inflation-adjusted margin of growth, the income tax rate shall be reduced by
19 one-quarter of one percent (1/4 %) effective January 1st of the following
20 calendar year for income taxes paid in the previous calendar year, until the
21 maximum tax rate for any tax bracket shall be no more than three percent
22 (3%).

23 (f) The Department of Finance and Administration shall promulgate
24 rules to implement this section.

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26 /s/ Garner, et al
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