

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

# A Bill

HOUSE BILL 1586

5 By: Representative Collins  
6

## For An Act To Be Entitled

8 AN ACT TO GRADUALLY REDUCE THE INCOME TAX LEVIED ON  
9 INDIVIDUALS, TRUSTS, AND ESTATES; TO AMEND THE INCOME  
10 TAX RATES AND BRACKETS FOR INDIVIDUALS, TRUSTS, AND  
11 ESTATES; TO ADJUST THE DOLLAR AMOUNTS IN CERTAIN  
12 INCOME TAX BRACKETS FOR INDIVIDUALS, TRUSTS, AND  
13 ESTATES; AND FOR OTHER PURPOSES.  
14

## Subtitle

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16 TO GRADUALLY REDUCE THE INCOME TAX LEVIED  
17 ON INDIVIDUALS, TRUSTS, AND ESTATES; TO  
18 AMEND THE INCOME TAX RATES AND BRACKETS  
19 OVER FOUR YEARS; AND TO ADJUST THE DOLLAR  
20 AMOUNTS IN CERTAIN INCOME TAX BRACKETS.  
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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26 SECTION 1. Arkansas Code § 26-51-201(a), concerning the income tax  
27 levied on individuals, trusts, and estates, is amended to read as follows:

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

33 (1) On the first ~~two thousand nine hundred ninety-nine dollars~~  
34 ~~(\$2,999)~~ four thousand ninety-nine dollars (\$4,099) of net income or any part  
35 thereof, one percent (1%);

36 (2) (A) On the next ~~three thousand dollars (\$3,000)~~ four thousand



1 one hundred dollars (\$4,100) of net income or any part thereof, ~~two and one-~~  
 2 half percent (~~2 1/2%~~) two and one-eighth percent (2 1/8%);

3 (B) For the tax year beginning on January 1, 2015, on the  
 4 next four thousand one hundred dollars (\$4,100) of net income or any part  
 5 thereof, one and three-quarter percent (1 3/4%).

6 (C) For the tax year beginning on January 1, 2016, on the  
 7 next four thousand one hundred dollars (\$4,100) of net income or any part  
 8 thereof, one and three-eighths percent (1 3/8%).

9 (D) For tax years beginning on and after January 1, 2017,  
 10 on the next four thousand one hundred dollars (\$4,100) of net income or any  
 11 part thereof, one percent (1%);

12 (3) On the next ~~three thousand dollars (\$3,000)~~ four thousand  
 13 dollars (\$4,000) of net income or any part thereof, three and one-half  
 14 percent (~~3 1/2%~~) (3 1/2%);

15 (4) On the next ~~six thousand dollars (\$6,000)~~ eight thousand two  
 16 hundred dollars (\$8,200) of net income or any part thereof, four and one-half  
 17 percent (~~4 1/2%~~) (4 1/2%);

18 (5) On the next ~~ten thousand dollars (\$10,000)~~ thirteen thousand  
 19 six hundred dollars (\$13,600) of net income or any part thereof, six percent  
 20 (6%); and

21 (6)(A) On net income of ~~twenty-five thousand dollars (\$25,000)~~  
 22 thirty-four thousand dollars (\$34,000) and above, ~~seven percent (7%)~~ six and  
 23 three-fourths percent (6 3/4%).

24 (B) For the tax year beginning on January 1, 2015, on net  
 25 income of thirty-four thousand dollars (\$34,000) and above, six and one-half  
 26 percent (6 1/2%).

27 (C) For the tax year beginning on January 1, 2016, on net  
 28 income of thirty-four thousand dollars (\$34,000) and above, six and one-  
 29 fourth percent (6 1/4%).

30 (D) For the tax years beginning on and after January 1,  
 31 2017, on net income of thirty-four thousand dollars (\$34,000) and above, six  
 32 percent (6%).

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 34 SECTION 2. Arkansas Code § 26-51-201(d), concerning the income tax  
 35 levied on individuals, trusts, and estates, is amended to read as follows:

36 (d)(1) ~~Not~~ Except as provided in subdivision (d)(4) of this section,

1 no later than December 15 ~~of~~, 1998, and each subsequent calendar year, the  
2 Director of the Department of Finance and Administration shall prescribe a  
3 table ~~which~~ that shall apply in lieu of the table contained in subsection (a)  
4 of this section with respect to taxable years beginning in the succeeding  
5 calendar year. The director shall increase the minimum and maximum dollar  
6 amounts for each rate bracket, rounding to the nearest one hundred dollars  
7 (\$100), for which a tax is imposed under such table by the cost-of-living  
8 adjustment for such calendar year and by not changing the rate applicable to  
9 any rate bracket as adjusted. The yearly cost-of-living adjustment increase  
10 in each rate bracket as provided in subdivision (d)(2) of this section shall  
11 apply to the brackets as contained in subsection (a) of this section as in  
12 effect on January 1, 1998.

13 (2) For purposes of subdivision (d)(1) of this section, the  
14 cost-of-living adjustment for any calendar year is the percentage, if any, by  
15 which the GPI Consumer Price Index for the calendar year preceding the  
16 taxable year exceeds the GPI Consumer Price Index for the calendar year 1997,  
17 not to exceed three percent (3%). The GPI Consumer Price Index for any  
18 calendar year is the average of the Consumer Price Index as of the close of  
19 the twelve-month period ending on August 31 of such calendar year. As used in  
20 this section, "Consumer Price Index" means the last Consumer Price Index for  
21 All Urban Consumers published by the United States Department of Labor.

22 (3) The new tables, as adjusted, shall apply for tax returns  
23 filed for taxable year 1999 and thereafter, and shall be used by the director  
24 in preparing the income tax withholding tables pursuant to § 26-51-907.

25 (4)(A) For tax years beginning on and after January 1, 2018, the  
26 net income subject to the rate of four and one-half percent (4 1/2%) under  
27 this section shall be increased each year by the greater of the following:

28 (i) Fifteen thousand dollars (\$15,000); or

29 (ii) The cost-of-living adjustment calculated by the  
30 director under subdivision (d)(1) of this section.

31 (B) The net income subject to the rate of six percent (6%)  
32 under this section is all net income that exceeds the maximum amount subject  
33 to the rate of four and one-half percent (4 1/2%) under this section.

34 (C)(i) However, if the net general revenues for the fiscal  
35 year are equal to or less than the net general revenues for the prior fiscal  
36 year, then the adjustments required under this subdivision (d)(4) shall be

1 suspended until the requirements of subdivision (d)(4)(C)(ii) of this section  
 2 are met and the cost-of-living adjustment required under subdivision (d)(1)  
 3 of this section shall be in effect for each rate bracket.

4 (ii) An adjustment that has been suspended under  
 5 subdivision (d)(4)(C)(i) of this section shall resume when the net general  
 6 revenues for the fiscal year exceed the net general revenues received for the  
 7 base fiscal year.

8 (D) As used in this subdivision (d)(4):

9 (i) "Base fiscal year" means the twelve-month period  
 10 preceding the fiscal year in which the adjustment was suspended under  
 11 subdivision (d)(4)(C) of this section;

12 (ii) "Fiscal year" means the twelve-month period  
 13 ending on June 30 of the year in which the cost-of-living adjustment is  
 14 calculated under subdivision (d)(1) of this section; and

15 (iii) "Prior fiscal year" means the twelve-month  
 16 period preceding the fiscal year.

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 18 SECTION 3. EFFECTIVE DATE. This act is effective for tax years  
 19 beginning on or after January 1, 2014.