

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 1227

5 By: Representative Farrer
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For An Act To Be Entitled

8 AN ACT TO REDUCE INCOME TAX RATES IN CERTAIN
9 CIRCUMSTANCES; TO REDUCE INCOME TAX RATES BASED ON
10 THE GROWTH OF INCOME TAX COLLECTIONS; AND FOR OTHER
11 PURPOSES.
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Subtitle

14 TO REDUCE INCOME TAX RATES IN CERTAIN
15 CIRCUMSTANCES; AND TO REDUCE INCOME TAX
16 RATES BASED ON THE GROWTH OF INCOME TAX
17 COLLECTIONS.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code § 26-51-201(d), concerning the income tax
24 imposed on individuals, trusts, and estates, is amended to read as follows:

25 (d)(1) The Director of the Department of Finance and Administration
26 shall prescribe annually ~~a table which~~ tables that shall apply in lieu of the
27 ~~table~~ tables contained in subsection (a) of this section with respect to each
28 succeeding taxable year.

29 (2)(A) The director shall increase the minimum and maximum
30 dollar amounts for each rate bracket, rounding to the nearest one hundred
31 dollars (\$100), for which a tax is imposed under the table by the cost-of-
32 living adjustment for each calendar year ~~and by not changing the rate~~
33 ~~applicable to any rate bracket as adjusted.~~

34 ~~(2)~~ (B) For purposes of subdivision ~~(d)(1)~~ (d)(2)(A) of
35 this section, the cost-of-living adjustment for a calendar year is the
36 percentage, if any, by which the GPI Consumer Price Index for the current



1 calendar year exceeds the GPI Consumer Price Index for the preceding calendar
 2 year, not to exceed three percent (3%). The GPI Consumer Price Index for any
 3 calendar year is the average of the Consumer Price Index as of the close of
 4 the twelve-month period ending on August 31 of such calendar year. "Consumer
 5 Price Index" means the last Consumer Price Index for All Urban Consumers
 6 published by the United States Department of Labor.

7 (3)(A) Each tax rate in subsection (a) of this section shall be
 8 reduced by one-eighth (1/8) of one (1) percentage point if the total income
 9 tax revenues collected under this chapter for a fiscal year exceed by at
 10 least three percent (3%) the total income tax revenues collected under this
 11 chapter for the most recent fiscal year in which income tax revenues
 12 collected under this chapter increased.

13 (B) The reduction of tax rates under subdivision (d)(3)(A)
 14 of this section shall be effective January 1 of the following year.

15 ~~(3)~~ (4) The new tables, as adjusted annually, shall be used by
 16 the director in preparing the income tax withholding tables pursuant to § 26-
 17 51-907.

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 19 SECTION 2. Arkansas Code § 26-51-205, concerning the Work Force 2000
 20 Development Fund and the income tax imposed on corporations, is amended to
 21 add an additional subsection to read as follows:

22 (e)(1) The Director of the Department of Finance and Administration
 23 shall prescribe annually tables that shall apply in lieu of the tables
 24 contained in subsections (a) and (b) of this section with respect to each
 25 succeeding taxable year.

26 (2) Each tax rate in subsections (a) and (b) of this section
 27 shall be reduced by one-eighth (1/8) of one (1) percentage point if the total
 28 income tax revenues collected under this chapter for a fiscal year by at
 29 least three percent (3%) the total income tax revenues collected under this
 30 chapter for the most recent fiscal year in which income tax revenues
 31 collected under this chapter increased.

32 (3) The reduction of tax rates under subdivision (e)(2) of this
 33 section shall be effective January 1 of the following year.

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