

1 State of Arkansas  
2 92nd General Assembly  
3 Regular Session, 2019  
4  
5 By: Representative Love  
6

# A Bill

HOUSE BILL 1434

## For An Act To Be Entitled

8 AN ACT TO REDUCE THE TAX BURDEN ON ALL ARKANSAS  
9 TAXPAYERS; TO AMEND THE INCOME TAX IMPOSED ON  
10 INDIVIDUALS, TRUSTS, AND ESTATES; TO ALLOW AN EARNED  
11 INCOME TAX CREDIT; TO DECLARE AN EMERGENCY; AND FOR  
12 OTHER PURPOSES.

## Subtitle

16 TO REDUCE THE TAX BURDEN ON ALL ARKANSAS  
17 TAXPAYERS; TO AMEND THE INCOME TAX  
18 IMPOSED ON INDIVIDUALS, TRUSTS, AND  
19 ESTATES; TO ALLOW AN EARNED INCOME TAX  
20 CREDIT; AND TO DECLARE AN EMERGENCY.

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

25 SECTION 1. Arkansas Code § 26-51-201(a)(7)-(10), concerning the income  
26 tax imposed on individuals, trusts, and estates, are amended to read as  
27 follows:

28 (7) Every resident, individual, trust, or estate having net  
29 income greater than or equal to ~~twenty-one thousand dollars (\$21,000)~~ twenty-  
30 two thousand two hundred dollars (\$22,200), but less than or equal to  
31 ~~seventy-five thousand dollars (\$75,000)~~ seventy-nine thousand three hundred  
32 dollars (\$79,300), shall determine the amount of income tax due under this  
33 subsection in accordance with the table set forth below:

From	Less Than or Equal To	Rate
34 \$0	35 <del>\$4,299</del> <u>\$4,499</u>	0.75%
36 <del>\$4,300</del> <u>\$4,500</u>	<del>\$8,399</del> <u>\$8,899</u>	2.5%



1	<del>\$8,400</del> <u>\$8,900</u>	<del>\$12,599</del> <u>\$13,399</u>	3.5%
2	<del>\$12,600</del> <u>\$13,400</u>	<del>\$20,999</del> <u>\$22,199</u>	4.5%
3	<del>\$21,000</del> <u>\$22,200</u>	<del>\$35,099</del> <u>\$37,199</u>	5%
4	<del>\$35,100</del> <u>\$37,200</u>	<del>\$75,000</del> <u>\$79,300</u>	6% <u>5.9%</u>

5 (8) Every resident, individual, trust, or estate having net  
6 income of less than ~~twenty-one thousand dollars (\$21,000)~~ twenty-two thousand  
7 two hundred dollars (\$22,200) shall determine the amount of income tax due  
8 under this subsection in accordance with the table set forth below:

9	From	Less Than or Equal To	Rate
10	\$0	<del>\$4,299</del> <u>\$4,499</u>	0%
11	<del>\$4,300</del> <u>\$4,500</u>	<del>\$8,399</del> <u>\$8,899</u>	2%
12	<del>\$8,400</del> <u>\$8,900</u>	<del>\$12,599</del> <u>\$13,399</u>	3%
13	<del>\$12,600</del> <u>\$13,400</u>	<del>\$20,999</del> <u>\$22,199</u>	3.4%

14 (9) ~~For tax years beginning on and after January 1, 2016, every~~  
15 Every resident, individual, trust, or estate having net income of more than  
16 ~~seventy-five thousand dollars (\$75,000)~~ seventy-nine thousand three hundred  
17 dollars (\$79,300) shall determine the amount of income tax due under this  
18 subsection in accordance with the table set forth below:

19	From	Less Than or Equal To	Rate
20	\$0	<del>\$4,299</del>	<del>0.9%</del>
21	<del>\$4,300</del>	<del>\$8,399</del>	<del>2.5%</del>
22	<del>\$8,400</del>	<del>\$12,599</del>	<del>3.5%</del>
23	<del>\$12,600</del>	<del>\$20,999</del>	<del>4.5%</del>
24	<del>\$21,000</del>	<del>\$35,099</del>	<del>6%</del>
25	<del>\$35,100 and above</del>		<del>6.9%</del>
26	<u>\$0</u>	<u>\$4,000</u>	<u>2%</u>
27	<u>\$4,001</u>	<u>\$8,000</u>	<u>4%</u>
28	<u>\$8,001</u>	<u>\$79,300</u>	<u>5.9%</u>
29	<u>\$79,301 and above</u>		<u>6.6%</u>

30 (10) ~~For tax years beginning on and after January 1, 2016, every~~  
31 Every resident, individual, trust, or estate having net income of more than  
32 ~~seventy-five thousand dollars (\$75,000)~~ seventy-nine thousand three hundred  
33 dollars (\$79,300), but not more than ~~eighty thousand dollars (\$80,000)~~  
34 eighty-four thousand six hundred dollars (\$84,600), shall reduce the amount  
35 of income tax due as determined under subdivision (a)(9) of this section by  
36 deducting a bracket adjustment amount in accordance with the table set forth

1 below:

2 From	Less Than or Equal To	Bracket Adjustment
		Amount
4 <del>\$75,001</del> <u>\$79,301</u>	<del>\$76,000</del> <u>\$80,300</u>	\$440
5 <del>\$76,001</del> <u>\$80,301</u>	<del>\$77,000</del> <u>\$81,300</u>	\$340
6 <del>\$77,001</del> <u>\$81,301</u>	<del>\$78,000</del> <u>\$82,500</u>	\$240
7 <del>\$78,001</del> <u>\$82,501</u>	<del>\$79,000</del> <u>\$83,600</u>	\$140
8 <del>\$79,001</del> <u>\$83,601</u>	<del>\$80,000</del> <u>\$84,600</u>	\$40
9 <del>\$80,001</del> <u>\$84,601</u> and above		\$0

10

11 SECTION 2. Arkansas Code § 26-51-201(e), concerning the income tax  
 12 imposed on individuals, trusts, and estates, is repealed.

13 ~~(e) If the director determines that federal law authorizes the state  
 14 to collect sales and use tax from sellers that do not have a physical  
 15 presence in the state, then after the first twelve (12) months of collecting  
 16 sales and use tax from sellers that do not have a physical presence in the  
 17 state, the director shall:~~

18 ~~(1) After making the deductions required under § 19-5-  
 19 202(b)(2)(B)(i), certify to the Governor and the Office of Economic and Tax  
 20 Policy the amount of available net general revenues attributable to the  
 21 collection of sales and use tax from sellers that do not have a physical  
 22 presence in the state during the first twelve (12) months of collections;~~

23 ~~(2) Use any amount under subdivision (c)(1) of this section that  
 24 exceeds seventy million dollars (\$70,000,000) to reduce the rate of four and  
 25 five-tenths percent (4.5%) in the table contained in subdivision (a)(7) of  
 26 this section equally for all taxpayers subject to the rate of four and five-  
 27 tenths percent (4.5%);~~

28 ~~(3) Certify the amount of the reduction of the income tax rate  
 29 under this subsection to the Governor and the Office of Economic and Tax  
 30 Policy; and~~

31 ~~(4) Incorporate the reduced income tax rate into the table  
 32 prescribed under subsection (d) of this section, which shall be applicable  
 33 for each tax year thereafter.~~

34

35 SECTION 3. Arkansas Code Title 26, Chapter 51, Subchapter 5, is  
 36 amended to add an additional section to read as follows:

1       26-51-515. Earned income tax credit.

2       (a) There is allowed an income tax credit against the income tax  
3 imposed by this chapter in the amount equal to five percent (5%) of the  
4 credit allowed to the taxpayer under 26 U.S.C. § 32, as it existed on January  
5 1, 2019.

6       (b) If the amount of the income tax credit allowed under this section  
7 exceeds the taxpayer's income tax liability, the excess shall be refunded to  
8 the taxpayer.

9       (c) The Department of Finance and Administration shall annually notify  
10 taxpayers of their potential eligibility for the income tax credit allowed  
11 under this section.

12  
13       SECTION 4. EFFECTIVE DATE. Section 1 of this act is effective for tax  
14 years beginning on or after January 1, 2020.

15  
16       SECTION 5. EFFECTIVE DATE. Section 3 of this act is effective for tax  
17 years beginning on or after January 1, 2021.

18  
19       SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
20 General Assembly of the State of Arkansas that income tax rates for Arkansas  
21 residents are too high in comparison to the income tax rates in surrounding  
22 states; that these burdensome income tax rates prevent Arkansas from being  
23 competitive with surrounding states in the region; and that this act is  
24 immediately necessary because it is in the best interests of the state to  
25 increase Arkansas's ability to compete in the region by dedicating as much  
26 funding as is economically possible and prudent to relieve the income tax  
27 burden suffered by all taxpayers in the state. Therefore, an emergency is  
28 declared to exist, and this act being immediately necessary for the  
29 preservation of the public peace, health, and safety shall become effective  
30 on:

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

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

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