

Stricken language would be deleted from and underlined language would be added to present law.
Act 1459 of the Regular Session

State of Arkansas *As Engrossed: H3/13/13 H4/1/13 S4/18/13*
89th General Assembly
Regular Session, 2013

A Bill

HOUSE BILL 1585

By: Representatives Collins, D. Altes, Baird, Ballinger, Bell, Bragg, J. Burris, Carter, Clemmer, Cozart, Davis, Deffenbaugh, Dotson, C. Douglas, Farrer, Fite, Gossage, Hammer, Harris, Hickerson, Hobbs, House, Lea, Lowery, D. Meeks, S. Meeks, Miller, Neal, Payton, Scott, Shepherd, Westerman
By: Senators D. Sanders, Rapert

For An Act To Be Entitled

AN ACT TO AMEND THE INCOME TAX RATES AND BRACKETS FOR INDIVIDUALS, TRUSTS, AND ESTATES; TO ADJUST THE MINIMUM AND MAXIMUM DOLLAR AMOUNTS IN CERTAIN INCOME TAX BRACKETS FOR INDIVIDUALS, TRUSTS, AND ESTATES; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE INCOME TAX RATES AND BRACKETS; AND TO ADJUST THE MINIMUM AND MAXIMUM DOLLAR AMOUNTS IN CERTAIN INCOME TAX BRACKETS.

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

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

(a) A For tax years beginning on and after January 1, 2012, a tax is imposed upon, and with respect to, the entire income of every resident, individual, trust, or estate. The tax shall be levied, collected, and paid annually upon the entire net income as defined and computed in this chapter at the following rates, giving effect to the tax credits provided hereafter, in the manner set forth:

(1)(A) On the first ~~two thousand nine hundred ninety nine dollars (\$2,999)~~ four thousand ninety-nine dollars (\$4,099) of net income or



any part thereof, one percent (1%);

(B) For tax years beginning on and after January 1, 2014, on the first four thousand ninety-nine dollars (\$4,099) of net income or any part thereof, nine-tenths percent (0.9%);

(2)(A) On the next ~~three thousand dollars (\$3,000)~~ four thousand one hundred dollars (\$4,100) of net income or any part thereof, ~~two and one-half percent (2½%);~~ two and five-tenths percent (2.5%).

(B) For tax years beginning on and after January 1, 2015, on the next four thousand one hundred dollars (\$4,100) of net income or any part thereof, two and four-tenths percent (2.4%);

(3)(A) On the next ~~three thousand dollars (\$3,000)~~ four thousand dollars (\$4,000) of net income or any part thereof, ~~three and one-half percent (3½%);~~ three and five-tenths percent (3.5%).

(B) For tax years beginning on and after January 1, 2015, on the next four thousand dollars (\$4,000) of net income or any part thereof, three and four-tenths percent (3.4%);

(4)(A) On the next ~~six thousand dollars (\$6,000)~~ eight thousand two hundred dollars (\$8,200) of net income or any part thereof, ~~four and one-half percent (4½%);~~ four and five-tenths percent (4.5%).

(B) For tax years beginning on and after January 1, 2015, on the next eight thousand two hundred dollars (\$8,200) of net income or any part thereof, four and four-tenths percent (4.4%);

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

(B) For tax years beginning on and after January 1, 2015, on the next thirteen thousand six hundred dollars (\$13,600) of net income or any part thereof, five and nine-tenths percent (5.9%); and

(6)(A) On net income of ~~twenty-five thousand dollars (\$25,000)~~ thirty-four thousand dollars (\$34,000) and above, seven percent (7%).

(B) For tax years beginning on and after January 1, 2015, on net income of thirty-four thousand dollars (\$34,000) and above, six and nine-tenths percent (6.9%).

SECTION 2. Arkansas Code § 26-51-201(d), concerning the cost-of-living adjustment for the income tax rates applicable to individuals, trusts, and

estates, is amended to read as follows:

~~(d)(1) Not later than December 15 of 1998, and each subsequent calendar year, the The Director of the Department of Finance and Administration shall prescribe annually a table which shall apply in lieu of the table contained in subsection (a) of this section with respect to each succeeding taxable years beginning in the succeeding calendar year. The ~~Director of the Department of Finance and Administration~~ director shall increase the minimum and maximum dollar amounts for each rate bracket, rounding to the nearest one hundred dollars (\$100), for which a tax is imposed under ~~such~~ the table by the cost-of-living adjustment for ~~such~~ each calendar year and by not changing the rate applicable to any rate bracket as adjusted. ~~The yearly cost-of-living adjustment increase in each rate bracket as provided in subdivision (d)(2) of this section shall apply to the brackets as contained in subsection (a) of this section as in effect on January 1, 1998.~~~~

(2) For purposes of subdivision (d)(1) of this section, the cost-of-living adjustment for ~~any~~ a calendar year is the percentage, if any, by which the CPI for the current calendar year ~~preceding the taxable year~~ exceeds the CPI for the preceding calendar year ~~1997~~, not to exceed three percent (3%). The CPI for any calendar year is the average of the Consumer Price Index as of the close of the twelve-month period ending on August 31 of such calendar year. "Consumer Price Index" means the last Consumer Price Index for All Urban Consumers published by the United States Department of Labor.

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

/s/Collins

APPROVED: 04/22/2013