

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: 5/19/17
A Bill

SENATE BILL 115

By: Senators J. Hendren, Hester, *Bledsoe, E. Cheatham, J. Dismang, L. Eads, J. English, Files, S. Flowers, T. Garner, J. Hutchinson, Irvin, B. Johnson, Rapert, B. Sample, D. Sanders, Teague, D. Wallace, E. Williams*

By: Representatives Pitsch, Collins, Davis, Dotson

For An Act To Be Entitled

AN ACT TO CREATE THE TAX REFORM AND RELIEF ACT OF 2017; TO AMEND THE INCOME TAX RATES APPLICABLE TO INDIVIDUALS, TRUSTS, AND ESTATES; TO CREATE THE ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE TAX REFORM AND RELIEF ACT OF 2017; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. DO NOT CODIFY. This act shall be known and may be cited as the "Tax Reform and Relief Act of 2017".

SECTION 2. Arkansas Code § 26-51-201(a)(7) and (8), concerning the income tax imposed on individuals, trusts, and estates, is amended to read as follows:

(7) ~~For tax years beginning on and after January 1, 2016, every~~ Every resident, individual, trust, or estate having net income greater than or equal to twenty-one thousand dollars (\$21,000), but less than or equal to seventy-five thousand dollars (\$75,000), shall determine the amount of income tax due under this subsection in accordance with the table set forth below:



From	Less Than or Equal To	Rate
\$0	\$4,299	0.9% <u>0.75%</u>
\$4,300	\$8,399	2.5%
\$8,400	\$12,599	3.5%
\$12,600	\$20,999	4.5%
\$21,000	\$35,099	5%
\$35,100	\$75,000	6%

(8) ~~For tax years beginning on and after January 1, 2015, every~~
Every resident, individual, trust, or estate having net income of less than twenty-one thousand dollars (\$21,000) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

From	Less Than or Equal To	Rate
\$0	\$4,299	0.9% <u>0%</u>
\$4,300	\$8,399	2.4% <u>2%</u>
\$8,400	\$12,599	3.4% <u>3%</u>
\$12,600	\$20,999	4.4% <u>3.4%</u>

SECTION 3. TEMPORARY LANGUAGE. DO NOT CODIFY. Arkansas Tax Reform and Relief Legislative Task Force – Creation – Membership – Duties.

(a) There is created the Arkansas Tax Reform and Relief Legislative Task Force.

(b)(1) The task force shall consist of the following sixteen (16) members of the General Assembly:

(A) The President Pro Tempore of the Senate, or his or her designee who is a member of the Senate;

(B) Five (5) members of the Senate appointed by the President Pro Tempore of the Senate;

(C) The Senate Majority Leader, or his or her designee who is a member of the Senate;

(D) The Senate Minority Leader, or his or her designee who is a member of the Senate;

(E) The Speaker of the House of Representatives, or his or her designee who is a member of the House of Representatives;

(F) Five (5) members of the House of Representatives appointed by the Speaker of the House of Representatives;

(G) The House Majority Leader, or his or her designee who

is a member of the House of Representatives; and

(H) The House Minority Leader, or his or her designee who is a member of the House of Representatives.

(2) If a vacancy occurs on the task force, the vacancy shall be filled by the same process as the original appointment.

(3) The members of the task force shall be paid per diem and mileage as authorized by law for attendance at meetings of interim committees of the General Assembly.

(c)(1) The Speaker of the House of Representatives shall call the first meeting of the task force within thirty (30) days of sine die adjournment of the 2017 regular session.

(2) The Speaker of the House of Representatives shall designate a member of the task force to serve as chair of the first meeting of the task force.

(3) At the first meeting of the task force, the members of the task force shall elect from its membership a chair or co-chairs and other officers as needed for the transaction of its business.

(4)(A) The task force shall conduct its meetings in Pulaski County at the State Capitol or another site with teleconferencing capabilities.

(B) Meetings of the task force shall be held at least one (1) time every two (2) months but may occur more often at the call of the chair.

(5) The task force shall establish rules and procedures for conducting its business.

(6)(A) A majority of the members of the task force shall constitute a quorum for transacting business of the task force.

(B) An affirmative vote of a majority of a quorum present shall be required for the passage of a motion or other task force action.

(7) The Bureau of Legislative Research shall provide staff for the task force.

(d)(1) The purpose of the task force is to examine and identify areas of potential reform within the tax laws of the State of Arkansas and to recommend legislation to the General Assembly for consideration during the 2019 regular session in order to:

(A) Modernize and simplify the Arkansas tax code;

(B) Make the Arkansas tax laws competitive with other states in order to attract businesses to the state;

(C) Create jobs for Arkansans; and

(D) Ensure fairness to all individuals and entities impacted by the tax laws of the State of Arkansas.

(2) If the task force determines it is necessary, it may contract with one (1) or more outside consultants to assist the task force with its study.

(3)(A) On or before December 1, 2017, the task force shall file with the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate a written preliminary report of the task force's activities, findings, and recommendations.

(B) The task force shall file with the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate a final written report on or before September 1, 2018.

(e) The task force shall expire on December 31, 2018.

SECTION 4. EFFECTIVE DATE. Section 2 of this act is effective for tax years beginning on and after January 1, 2019.

SECTION 5. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that income tax rates for Arkansas residents are too high in comparison to the income tax rates in surrounding states; that these burdensome income tax rates prevent Arkansas from being competitive with surrounding states in the region; and that this act is immediately necessary because it is in the best interests of the state to increase Arkansas's ability to compete in the region by dedicating as much funding as is economically possible and prudent to relieve the income tax burden suffered by lower income taxpayers in the state. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

/s/J. Hendren

APPROVED: 02/01/2017