

State of Arkansas
93rd General Assembly
Second Extraordinary Session, 2021

A Bill

Call Item 1
HOUSE BILL 1001

By: Representatives Maddox, Shepherd, Jett, Jean, Fortner, Ray, Barker, Beaty Jr., Beck, Bentley, M. Berry, S. Berry, Boyd, Bragg, Breaux, Brooks, Brown, Bryant, Carr, Cavanaugh, Cloud, Coleman, C. Cooper, Cozart, Crawford, Dalby, M. Davis, Deffenbaugh, Dotson, Eaves, Eubanks, Evans, C. Fite, L. Fite, Gazaway, Gonzales, M. Gray, Haak, Hawks, Hillman, Holcomb, Hollowell, L. Johnson, Ladyman, Lowery, Lynch, J. Mayberry, McClure, McCollum, McGrew, McNair, S. Meeks, Miller, Milligan, Payton, Perry, Richmond, Pilkington, Slape, S. Smith, Speaks, Tollett, Tosh, Underwood, Vaught, Wardlaw, Warren, Watson, Wing, Wooten

By: Senators J. Dismang, B. Sample, B. Ballinger, Beckham, Bledsoe, Caldwell, A. Clark, B. Davis, J. English, Flippo, Gilmore, K. Hammer, J. Hendren, Hester, Hickey, Hill, Irvin, B. Johnson, M. Johnson, M. Pitsch, Rapert, Rice, G. Stubblefield, J. Sturch, D. Sullivan, D. Wallace

For An Act To Be Entitled

AN ACT TO PROVIDE FOR INCOME TAX REDUCTIONS THAT PRESERVE THE STATE'S ABILITY TO BUILD AND MAINTAIN RESERVE FUNDS AND ENSURE FINANCIAL SECURITY; TO AMEND THE INCOME TAX BRACKETS AND RATES FOR INDIVIDUALS; TO AMEND THE INCOME TAX RATES FOR CORPORATIONS IF CERTAIN CONDITIONS RELATED TO THE STATE'S RESERVE FUNDS ARE MET; TO CHANGE THE NAME OF THE LONG TERM RESERVE FUND AND ENSURE IT IS ADEQUATELY FUNDED; TO CREATE AN INCOME TAX CREDIT FOR CERTAIN TAXPAYERS; TO INDEX THE STANDARD DEDUCTION TO THE CONSUMER PRICE INDEX; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE STATE INCOME TAX; TO CHANGE THE NAME AND FUNDING OF THE LONG TERM RESERVE FUND; AND TO DECLARE AN EMERGENCY.



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

SECTION 1. Arkansas Code § 19-5-406 is amended to read as follows:

19-5-406. Transfer of remaining revenues.

(a) After making the maximum annual allocation as provided for in § 19-5-402+,

~~(1)~~ The ~~the~~ first two hundred million dollars (\$200,000,000) shall be distributed as follows:

~~(A)~~ (1) Seventy-five percent (75%) of the remaining general revenues available for distribution during each fiscal year shall be transferred on the last day of business in each calendar month to the General Revenue Allotment Reserve Fund, there to be used ~~for the respective purposes as provided by law~~ as stated under subsection (b) of this section; and

~~(B)~~ (2) Twenty-five percent (25%) of the remaining general revenues available for distribution during each fiscal year, but not to exceed fifty million dollars (\$50,000,000) each fiscal year, shall be transferred on the last day of business in each calendar month to the State Highway and Transportation Department Fund; ~~and~~.

(b)(1) The Chief Fiscal Officer of the State shall determine whether the balance of the Catastrophic Reserve Fund is twenty percent (20%) of the total amount of general revenue funds last distributed under § 19-5-402.

(2) If the Chief Fiscal Officer of the State determines that the balance of the Catastrophic Reserve Fund is less than twenty percent (20%) of the total amount of general revenue funds last distributed under § 19-5-402, then after the distributions under subsection (a) of this section, any additional revenue, including the distributions under subdivision (a)(1) of this section and any additional revenues in excess of those distributed under subsection (a), shall be transferred to the Catastrophic Reserve Fund to ensure that the Catastrophic Reserve Fund balance equals but does not exceed twenty percent (20%) of the total amount of general revenue funds last distributed under § 19-5-402.

(3) If it is determined that the balance of the Catastrophic Reserve Fund exceeds twenty percent (20%) of the total amount of general revenue funds last distributed under § 19-5-402, the amount in excess shall remain in the Catastrophic Reserve Fund unless the General Assembly directs

otherwise.

~~(2)(c)~~ Any additional revenues available after the distributions in ~~subdivision (1)~~ subsection (b) of this section shall be transferred on the last day of business in each calendar month to the General Revenue Allotment Reserve Fund, there to be used for the respective purposes as provided by law.

SECTION 2. Arkansas Code § 19-5-905(a)(12), concerning the uses of funds in the Securities Reserve Fund, is amended to read as follows:

(12) After all distributions and transfers under this section, less one hundred thousand dollars (\$100,000) under § 19-3-521(a)(2), for a transfer by the Chief Fiscal Officer of the State on the last business day of the fiscal year of the fund balance to the ~~Long-Term~~ Catastrophic Reserve Fund.

SECTION 3. Arkansas Code § 19-6-486 is amended to read as follows:

19-6-486. ~~Long-Term~~ Catastrophic Reserve Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a special revenue fund to be known as the "~~Long-Term~~ Catastrophic Reserve Fund".

(b) The ~~Long-Term~~ Catastrophic Reserve Fund shall consist of such funds as may be provided by the General Assembly.

(c) The ~~Long-Term~~ Catastrophic Reserve Fund shall be used to distribute moneys to one (1) or more funds or fund accounts in the Revenue Stabilization Law, § 19-5-101 et seq.

(d)(1) After determining the estimated amount of general revenue that will be available for allocation to the state agencies under the Revenue Stabilization Law, § 19-5-101 et seq., and after making the determination required by § 19-5-1227(c) and prior to making any transfers deemed necessary by the Chief Fiscal Officer of the State in § 19-5-1227(d), the Chief Fiscal Officer of the State may transfer funds from the ~~Long-Term~~ Catastrophic Reserve Fund in the event a "revenue shortfall" exists to meet the state's financial obligation to provide an adequate educational system for the state and to provide for the effective operation of state government. In the event the Chief Fiscal Officer of the State determines that a "revenue shortfall" exists as defined as a circumstance when the official forecast of gross

general revenue certified by the Chief Fiscal Officer of the State is projected to increase less than three percent (3%) over and above the gross general revenue collections of the previous fiscal year due to changes in economic conditions, ~~he or she~~ the Chief Fiscal Officer of the State may then transfer funds from the ~~Long-Term~~ Catastrophic Reserve Fund, as approved by a vote of at least two-thirds (2/3) of the members of the Legislative Council or at least two-thirds (2/3) of the members of the Joint Budget Committee, to various funds and fund accounts, as deemed necessary, in the Revenue Stabilization Law, § 19-5-101 et seq., for the purpose of meeting unanticipated shortfalls in state general revenue.

(2) Or the Chief Fiscal Officer of the State may transfer funds from the ~~Long-Term~~ Catastrophic Reserve Fund to the Economic Development Superprojects Project Fund for projects authorized under Arkansas Constitution, Amendment 82, as approved by the Governor and at least two-thirds (2/3) of the members of the Legislative Council or at least two-thirds (2/3) of the members of the Joint Budget Committee.

(e)(1) Upon recommendation by the Chief Fiscal Officer of the State, the Governor may determine that circumstances exist that meet the requirements for the utilization of the ~~Long-Term~~ Catastrophic Reserve Fund as set out in this section, and the procedures ~~set out herein~~ under this section shall apply.

(2) When the Governor determines there is a need requiring transfer from the ~~Long-Term~~ Catastrophic Reserve Fund, he or she shall instruct the Chief Fiscal Officer of the State to prepare and submit written documentation to the Legislative Council or the Joint Budget Committee. Such documentation shall include:

(A) Sufficient financial data that will enable the verification of the existence of an emergency and the amount necessary to address the need for ~~long-term reserve~~ funds from the Catastrophic Reserve Fund;

(B) A proposed distribution of moneys from the ~~Long-Term~~ Catastrophic Reserve Fund to one (1) or more funds or fund accounts in the Revenue Stabilization Law, § 19-5-101 et seq., or to the Economic Development Superprojects Project Fund, or both; and

(C) A statement certifying that no other funds are available that could be transferred in lieu of the funds in the ~~Long-Term~~

Catastrophic Reserve Fund.

(3) ~~Such documentation~~ Documentation under subdivision (e)(2) of this section shall be submitted to the Legislative Council or Joint Budget Committee for approval ~~prior to~~ before the implementation of the proposed distribution.

(4)(A) The Chief Fiscal Officer of the State, after having sought and received prior approval of at least two-thirds (⅔) of the members of the Legislative Council or at least two-thirds (⅔) of the members of the Joint Budget Committee, shall cause the required transfers to be made on his or her books and on the books of the Treasurer of State and the Auditor of State from the ~~Long-Term~~ Catastrophic Reserve Fund to the appropriate funds and fund accounts in the Revenue Stabilization Law, § 19-5-101 et seq., or to the Economic Development Superprojects Project Fund, or both.

(B) In no event shall the amounts transferred in any fiscal year to the funds and fund accounts in the Revenue Stabilization Law, § 19-5-101 et seq., by this section cause the general revenues to exceed the maximum allocations authorized in the Revenue Stabilization Law, § 19-5-101 et seq.

(f) Determining the maximum amount of appropriation and general revenue funding for a state agency each fiscal year is the prerogative of the General Assembly. This is usually accomplished by delineating such maximums in the appropriation acts for a state agency and the general revenue allocations authorized for each fund and fund account by amendment to the Revenue Stabilization Law, § 19-5-101 et seq. Further, the General Assembly has determined that creating the ~~Long-Term~~ Catastrophic Reserve Fund and establishing the procedures for the transfer of funds to various funds and fund accounts in the Revenue Stabilization Law, § 19-5-101 et seq., or to the Economic Development Superprojects Project Fund, or both, provides for the efficient and effective operation of state government if a revenue shortfall is determined to exist. Therefore, it is both necessary and appropriate that the General Assembly maintain oversight by requiring prior approval of the Legislative Council or Joint Budget Committee as provided by this section. The requirement of approval by the Legislative Council or Joint Budget Committee is not a severable part of this section. If the requirement of approval by the Legislative Council or Joint Budget Committee is ruled unconstitutional by a court of competent jurisdiction, this entire section is

void.

~~(g) During each fiscal year, after the provisions of § 19-5-1004(b)(2) are complied with, the Chief Fiscal Officer of the State shall replenish the Long Term Reserve Fund by transferring no more than fifty percent (50%) of the balance in the General Revenue Allotment Reserve Fund or an amount equal to all transfers made under this section during the fiscal year immediately preceding the fiscal year in which such replenishment is made under this section, whichever is less, to the Long Term Reserve Fund.~~

SECTION 4. Arkansas Code § 26-26-310(b)(2)(D)(iii)(b), concerning the certification of the amount of property tax reduction, is amended to read as follows:

(b) Except as provided in subdivision (b)(2)(D)(iii)(a) of this section, the revenues credited to the Property Tax Relief Trust Fund in excess of the amount determined under subdivision (b)(2)(D)(ii) of this section shall be transferred from the Property Tax Relief Trust Fund to the ~~Long Term~~ Catastrophic Reserve Fund.

SECTION 5. Arkansas Code § 26-51-201(a), concerning the rate of tax levied on the income of individuals, trusts, and estates, is amended to read as follows:

(a) ~~For tax years beginning on and after January 1, 2014, a~~ 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) On the first four thousand two hundred ninety nine dollars (\$4,299) of net income or any part thereof, nine tenths percent (0.9%);~~
- ~~(2) On the next four thousand one hundred dollars (\$4,100) of net income or any part thereof, two and five tenths percent (2.5%);~~
- ~~(3) On the next four thousand two hundred dollars (\$4,200) of net income or any part thereof, three and five tenths percent (3.5%);~~
- ~~(4) On the next eight thousand four hundred dollars (\$8,400) of net income or any part thereof, four and five tenths percent (4.5%);~~
- ~~(5) On the next fourteen thousand one hundred dollars (\$14,100)~~

~~of net income or any part thereof, six percent (6%);~~

~~(6) On net income of thirty five thousand one hundred dollars (\$35,100) and above, seven percent (7%);~~

~~(7) Every resident, individual, trust, or estate having net income greater than or equal to twenty two thousand two hundred dollars (\$22,200), but less than or equal to seventy nine thousand three hundred dollars (\$79,300), 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	\$4,499	0.75%
\$4,500	\$8,899	2.5%
\$8,900	\$13,399	3.5%
\$13,400	\$22,199	4.5%
\$22,200	\$37,199	5%
\$37,200	\$79,300	5.9%

~~(8) Every resident, individual, trust, or estate having net income of less than twenty two thousand two hundred dollars (\$22,200) 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	\$4,499	0%
\$4,500	\$8,899	2%
\$8,900	\$13,399	3%
\$13,400	\$22,199	3.4%

~~(9)(A) For the tax year beginning January 1, 2020, every resident, individual, trust, or estate having net income of more than seventy nine thousand three hundred dollars (\$79,300) 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	\$4,000	2%

\$4,001	\$8,000	4%
\$8,001	\$79,300	5.9%
\$79,301 and above		6.6%

~~(B) For tax years beginning on and after January 1, 2021, every resident, individual, trust, or estate having net income of more than seventy nine thousand three hundred dollars (\$79,300) 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	\$4,000	2%
\$4,001	\$8,000	4%
\$8,001 and above		5.9%

~~(10) Every resident, individual, trust, or estate having net income of more than seventy nine thousand three hundred dollars (\$79,300), but not more than eighty four thousand six hundred dollars (\$84,600), shall reduce the amount of income tax due as determined under subdivision (a)(9) of this section by deducting a bracket adjustment amount in accordance with the table set forth below:~~

From	Less Than or Equal To	Bracket Adjustment Amount
\$79,301	\$80,300	\$440
\$80,301	\$81,300	\$340
\$81,301	\$82,500	\$240
\$82,501	\$83,600	\$140
\$83,601	\$84,600	\$40
\$84,601 and above		\$0

(1)(A) On and after January 1, 2022, every resident, individual, trust, or estate having net income less than or equal to eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
\$0	\$4,999	0%
\$5,000	\$9,999	2%
\$10,000	\$14,299	3%
\$14,300	\$23,599	3.4%
\$23,600	\$39,699	5%
\$39,700	\$84,500	5.5%

(B) On and after January 1, 2022, every resident, individual, trust, or estate having net income greater than eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501 and above		5.5%

(C) For tax years beginning on or after January 1, 2022, every resident, individual, trust, or estate having net income greater than or equal to eighty-four thousand five hundred one dollars (\$84,501) but not greater than ninety thousand six hundred dollars (\$90,600) shall reduce the amount of income tax due as determined under subdivision (a)(1)(B) of this section by deducting a bracket adjustment amount in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket Adjustment Amount</u>
\$84,501	\$84,600	\$610
\$84,601	\$84,700	\$600
\$84,701	\$84,800	\$590
\$84,801	\$84,900	\$580
\$84,901	\$85,000	\$570
\$85,001	\$85,100	\$560

<u>\$85,101</u>	<u>\$85,200</u>	<u>\$550</u>
<u>\$85,201</u>	<u>\$85,300</u>	<u>\$540</u>
<u>\$85,301</u>	<u>\$85,400</u>	<u>\$530</u>
<u>\$85,401</u>	<u>\$85,500</u>	<u>\$520</u>
<u>\$85,501</u>	<u>\$85,600</u>	<u>\$510</u>
<u>\$85,601</u>	<u>\$85,700</u>	<u>\$500</u>
<u>\$85,701</u>	<u>\$85,800</u>	<u>\$490</u>
<u>\$85,801</u>	<u>\$85,900</u>	<u>\$480</u>
<u>\$85,901</u>	<u>\$86,000</u>	<u>\$470</u>
<u>\$86,001</u>	<u>\$86,100</u>	<u>\$460</u>
<u>\$86,101</u>	<u>\$86,200</u>	<u>\$450</u>
<u>\$86,201</u>	<u>\$86,300</u>	<u>\$440</u>
<u>\$86,301</u>	<u>\$86,400</u>	<u>\$430</u>
<u>\$86,401</u>	<u>\$86,500</u>	<u>\$420</u>
<u>\$86,501</u>	<u>\$86,600</u>	<u>\$410</u>
<u>\$86,601</u>	<u>\$86,700</u>	<u>\$400</u>
<u>\$86,701</u>	<u>\$86,800</u>	<u>\$390</u>
<u>\$86,801</u>	<u>\$86,900</u>	<u>\$380</u>
<u>\$86,901</u>	<u>\$87,000</u>	<u>\$370</u>
<u>\$87,001</u>	<u>\$87,100</u>	<u>\$360</u>
<u>\$87,101</u>	<u>\$87,200</u>	<u>\$350</u>
<u>\$87,201</u>	<u>\$87,300</u>	<u>\$340</u>
<u>\$87,301</u>	<u>\$87,400</u>	<u>\$330</u>
<u>\$87,401</u>	<u>\$87,500</u>	<u>\$320</u>
<u>\$87,501</u>	<u>\$87,600</u>	<u>\$310</u>
<u>\$87,601</u>	<u>\$87,700</u>	<u>\$300</u>
<u>\$87,701</u>	<u>\$87,800</u>	<u>\$290</u>
<u>\$87,801</u>	<u>\$87,900</u>	<u>\$280</u>
<u>\$87,901</u>	<u>\$88,000</u>	<u>\$270</u>
<u>\$88,001</u>	<u>\$88,100</u>	<u>\$260</u>
<u>\$88,101</u>	<u>\$88,200</u>	<u>\$250</u>
<u>\$88,201</u>	<u>\$88,300</u>	<u>\$240</u>
<u>\$88,301</u>	<u>\$88,400</u>	<u>\$230</u>
<u>\$88,401</u>	<u>\$88,500</u>	<u>\$220</u>
<u>\$88,501</u>	<u>\$88,600</u>	<u>\$210</u>
<u>\$88,601</u>	<u>\$88,700</u>	<u>\$200</u>

<u>\$88,701</u>	<u>\$88,800</u>	<u>\$190</u>
<u>\$88,801</u>	<u>\$88,900</u>	<u>\$180</u>
<u>\$88,901</u>	<u>\$89,000</u>	<u>\$170</u>
<u>\$89,001</u>	<u>\$89,100</u>	<u>\$160</u>
<u>\$89,101</u>	<u>\$89,200</u>	<u>\$150</u>
<u>\$89,201</u>	<u>\$89,300</u>	<u>\$140</u>
<u>\$89,301</u>	<u>\$89,400</u>	<u>\$130</u>
<u>\$89,401</u>	<u>\$89,500</u>	<u>\$120</u>
<u>\$89,501</u>	<u>\$89,600</u>	<u>\$110</u>
<u>\$89,601</u>	<u>\$89,700</u>	<u>\$100</u>
<u>\$89,701</u>	<u>\$89,800</u>	<u>\$90</u>
<u>\$89,801</u>	<u>\$89,900</u>	<u>\$80</u>
<u>\$89,901</u>	<u>\$90,000</u>	<u>\$70</u>
<u>\$90,001</u>	<u>\$90,100</u>	<u>\$60</u>
<u>\$90,101</u>	<u>\$90,200</u>	<u>\$50</u>
<u>\$90,201</u>	<u>\$90,300</u>	<u>\$40</u>
<u>\$90,301</u>	<u>\$90,400</u>	<u>\$30</u>
<u>\$90,401</u>	<u>\$90,500</u>	<u>\$20</u>
<u>\$90,501</u>	<u>\$90,600</u>	<u>\$10</u>
<u>\$90,601 and up</u>		<u>\$0</u>

(2)(A) On and after January 1, 2023, every resident, individual, trust, or estate having net income less than or equal to eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
<u>\$0</u>	<u>\$4,999</u>	<u>0%</u>
<u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
<u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
<u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
<u>\$23,600</u>	<u>\$39,699</u>	<u>5%</u>
<u>\$39,700</u>	<u>\$84,500</u>	<u>5.3%</u>

(B) On and after January 1, 2023, every resident, individual, trust, or estate having net income greater than eighty-four

thousand five hundred dollars (\$84,500) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501 and above		5.3%

(C) For tax years beginning on or after January 1, 2023, every resident, individual, trust, or estate having net income greater than or equal to eighty-four thousand five hundred one dollars (\$84,501) but not greater than ninety thousand dollars (\$90,000) shall reduce the amount of income tax due as determined under subdivision (a)(2)(B) of this section by deducting a bracket adjustment amount in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket Adjustment Amount</u>
\$84,501	\$84,600	\$548
\$84,601	\$84,700	\$538
\$84,701	\$84,800	\$528
\$84,801	\$84,900	\$518
\$84,901	\$85,000	\$508
\$85,001	\$85,100	\$498
\$85,101	\$85,200	\$488
\$85,201	\$85,300	\$478
\$85,301	\$85,400	\$468
\$85,401	\$85,500	\$458
\$85,501	\$85,600	\$448
\$85,601	\$85,700	\$438
\$85,701	\$85,800	\$428
\$85,801	\$85,900	\$418
\$85,901	\$86,000	\$408
\$85,001	\$86,100	\$398
\$86,101	\$86,200	\$388

<u>\$86,201</u>	<u>\$86,300</u>	<u>\$378</u>
<u>\$86,301</u>	<u>\$86,400</u>	<u>\$368</u>
<u>\$86,401</u>	<u>\$86,500</u>	<u>\$358</u>
<u>\$86,501</u>	<u>\$86,600</u>	<u>\$348</u>
<u>\$86,601</u>	<u>\$86,700</u>	<u>\$338</u>
<u>\$86,701</u>	<u>\$86,800</u>	<u>\$328</u>
<u>\$86,801</u>	<u>\$86,900</u>	<u>\$318</u>
<u>\$86,901</u>	<u>\$87,000</u>	<u>\$308</u>
<u>\$87,001</u>	<u>\$87,100</u>	<u>\$298</u>
<u>\$87,101</u>	<u>\$87,200</u>	<u>\$288</u>
<u>\$87,201</u>	<u>\$87,300</u>	<u>\$278</u>
<u>\$87,301</u>	<u>\$87,400</u>	<u>\$268</u>
<u>\$87,401</u>	<u>\$87,500</u>	<u>\$258</u>
<u>\$87,501</u>	<u>\$87,600</u>	<u>\$248</u>
<u>\$87,601</u>	<u>\$87,700</u>	<u>\$238</u>
<u>\$87,701</u>	<u>\$87,800</u>	<u>\$228</u>
<u>\$87,801</u>	<u>\$87,900</u>	<u>\$218</u>
<u>\$87,901</u>	<u>\$88,000</u>	<u>\$208</u>
<u>\$88,001</u>	<u>\$88,100</u>	<u>\$198</u>
<u>\$88,101</u>	<u>\$88,200</u>	<u>\$188</u>
<u>\$88,201</u>	<u>\$88,300</u>	<u>\$178</u>
<u>\$88,301</u>	<u>\$88,400</u>	<u>\$168</u>
<u>\$88,401</u>	<u>\$88,500</u>	<u>\$158</u>
<u>\$88,501</u>	<u>\$88,600</u>	<u>\$148</u>
<u>\$88,601</u>	<u>\$88,700</u>	<u>\$138</u>
<u>\$88,701</u>	<u>\$88,800</u>	<u>\$128</u>
<u>\$88,801</u>	<u>\$88,900</u>	<u>\$118</u>
<u>\$88,901</u>	<u>\$89,000</u>	<u>\$108</u>
<u>\$89,001</u>	<u>\$89,100</u>	<u>\$98</u>
<u>\$89,101</u>	<u>\$89,200</u>	<u>\$88</u>
<u>\$89,201</u>	<u>\$89,300</u>	<u>\$78</u>
<u>\$89,301</u>	<u>\$89,400</u>	<u>\$68</u>
<u>\$89,401</u>	<u>\$89,500</u>	<u>\$58</u>
<u>\$89,501</u>	<u>\$89,600</u>	<u>\$48</u>
<u>\$89,601</u>	<u>\$89,700</u>	<u>\$38</u>
<u>\$89,701</u>	<u>\$89,800</u>	<u>\$28</u>

<u>\$89,801</u>	<u>\$89,900</u>	<u>\$18</u>
<u>\$89,901</u>	<u>\$90,000</u>	<u>\$8</u>
<u>\$90,001 and up</u>		<u>\$0</u>

(3)(A) On and after January 1, 2024, every resident, individual, trust, or estate having net income less than or equal to eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
<u>\$0</u>	<u>\$4,999</u>	<u>0%</u>
<u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
<u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
<u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
<u>\$23,600</u>	<u>\$39,699</u>	<u>5%</u>
<u>\$39,700</u>	<u>\$84,500</u>	<u>5.1%</u>

(B) On and after January 1, 2024, every resident, individual, trust, or estate having net income greater than eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
<u>\$0</u>	<u>\$4,300</u>	<u>2%</u>
<u>\$4,301</u>	<u>\$8,500</u>	<u>4%</u>
<u>\$8,501 and above</u>		<u>5.1%</u>

(C) For tax years beginning on or after January 1, 2024, every resident, individual, trust, or estate having net income greater than or equal to eighty-four thousand five hundred one dollars (\$84,501) but not greater than eighty-nine thousand four hundred dollars (\$89,400) shall reduce the amount of income tax due as determined under subdivision (a)(3)(B) of this section by deducting a bracket adjustment amount in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket Adjustment</u>
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		<u>Amount</u>
<u>\$84,501</u>	<u>\$84,600</u>	<u>\$485</u>
<u>\$84,601</u>	<u>\$84,700</u>	<u>\$475</u>
<u>\$84,701</u>	<u>\$84,800</u>	<u>\$465</u>
<u>\$84,801</u>	<u>\$84,900</u>	<u>\$455</u>
<u>\$84,901</u>	<u>\$85,000</u>	<u>\$445</u>
<u>\$85,001</u>	<u>\$85,100</u>	<u>\$435</u>
<u>\$85,101</u>	<u>\$85,200</u>	<u>\$425</u>
<u>\$85,201</u>	<u>\$85,300</u>	<u>\$415</u>
<u>\$85,301</u>	<u>\$85,400</u>	<u>\$405</u>
<u>\$85,401</u>	<u>\$85,500</u>	<u>\$395</u>
<u>\$85,501</u>	<u>\$85,600</u>	<u>\$385</u>
<u>\$85,601</u>	<u>\$85,700</u>	<u>\$375</u>
<u>\$85,701</u>	<u>\$85,800</u>	<u>\$365</u>
<u>\$85,801</u>	<u>\$85,900</u>	<u>\$355</u>
<u>\$85,901</u>	<u>\$86,000</u>	<u>\$345</u>
<u>\$86,001</u>	<u>\$86,100</u>	<u>\$335</u>
<u>\$86,101</u>	<u>\$86,200</u>	<u>\$325</u>
<u>\$86,201</u>	<u>\$86,300</u>	<u>\$315</u>
<u>\$86,301</u>	<u>\$86,400</u>	<u>\$305</u>
<u>\$86,401</u>	<u>\$86,500</u>	<u>\$295</u>
<u>\$86,501</u>	<u>\$86,600</u>	<u>\$285</u>
<u>\$86,601</u>	<u>\$86,700</u>	<u>\$275</u>
<u>\$86,701</u>	<u>\$86,800</u>	<u>\$265</u>
<u>\$86,801</u>	<u>\$86,900</u>	<u>\$255</u>
<u>\$86,901</u>	<u>\$87,000</u>	<u>\$245</u>
<u>\$87,001</u>	<u>\$87,100</u>	<u>\$235</u>
<u>\$87,101</u>	<u>\$87,200</u>	<u>\$225</u>
<u>\$87,201</u>	<u>\$87,300</u>	<u>\$215</u>
<u>\$87,301</u>	<u>\$87,400</u>	<u>\$205</u>
<u>\$87,401</u>	<u>\$87,500</u>	<u>\$195</u>
<u>\$87,501</u>	<u>\$87,600</u>	<u>\$185</u>
<u>\$87,601</u>	<u>\$87,700</u>	<u>\$175</u>
<u>\$87,701</u>	<u>\$87,800</u>	<u>\$165</u>
<u>\$87,801</u>	<u>\$87,900</u>	<u>\$155</u>

<u>\$87,901</u>	<u>\$88,000</u>	<u>\$145</u>
<u>\$88,001</u>	<u>\$88,100</u>	<u>\$135</u>
<u>\$88,101</u>	<u>\$88,200</u>	<u>\$125</u>
<u>\$88,201</u>	<u>\$88,300</u>	<u>\$115</u>
<u>\$88,301</u>	<u>\$88,400</u>	<u>\$105</u>
<u>\$88,401</u>	<u>\$88,500</u>	<u>\$95</u>
<u>\$88,501</u>	<u>\$88,600</u>	<u>\$85</u>
<u>\$88,601</u>	<u>\$88,700</u>	<u>\$75</u>
<u>\$88,701</u>	<u>\$88,800</u>	<u>\$65</u>
<u>\$88,801</u>	<u>\$88,900</u>	<u>\$55</u>
<u>\$88,901</u>	<u>\$89,000</u>	<u>\$45</u>
<u>\$89,001</u>	<u>\$89,100</u>	<u>\$35</u>
<u>\$89,101</u>	<u>\$89,200</u>	<u>\$25</u>
<u>\$89,201</u>	<u>\$89,300</u>	<u>\$15</u>
<u>\$89,301</u>	<u>\$89,400</u>	<u>\$5</u>
<u>\$89,401 and up</u>		<u>\$0</u>

(D) If, on or after July 1, 2022, but before January 1, 2024, funds are transferred from the Catastrophic Reserve Fund, then:

(i) Subdivisions (a)(3)(A)-(C) and (a)(4)(A)-(C) of this section shall not take effect; and

(ii) For tax years beginning on and after January 1, 2024, every resident, individual, trust, or estate shall determine the amount of income tax due under this subsection in accordance with the tables set forth in subdivision (a)(2) of this section.

(4)(A) On and after January 1, 2025, every resident, individual, trust, or estate having net income less than or equal to eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
<u>\$0</u>	<u>\$4,999</u>	<u>0%</u>
<u>\$5,000</u>	<u>\$9,999</u>	<u>2%</u>
<u>\$10,000</u>	<u>\$14,299</u>	<u>3%</u>
<u>\$14,300</u>	<u>\$23,599</u>	<u>3.4%</u>
<u>\$23,600</u>	<u>\$84,500</u>	<u>4.9%</u>

(B) On and after January 1, 2025, every resident, individual, trust, or estate having net income greater than eighty-four thousand five hundred dollars (\$84,500) shall determine the amount of income tax due under this subsection in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501 and above		4.9%

(C) For tax years beginning on or after January 1, 2025, every resident, individual, trust, or estate having net income greater than or equal to eighty-four thousand five hundred one dollars (\$84,501) but not greater than eighty-eight thousand nine hundred dollars (\$88,900) shall reduce the amount of income tax due as determined under subdivision (a)(5)(B) of this section by deducting a bracket adjustment amount in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Bracket Adjustment Amount</u>
\$84,501	\$84,600	\$439
\$84,601	\$84,700	\$429
\$84,701	\$84,800	\$419
\$84,801	\$84,900	\$409
\$84,901	\$85,000	\$399
\$85,001	\$85,100	\$389
\$85,101	\$85,200	\$379
\$85,201	\$85,300	\$369
\$85,301	\$85,400	\$359
\$85,401	\$85,500	\$349
\$85,501	\$85,600	\$339
\$85,601	\$85,700	\$329
\$85,701	\$85,800	\$319
\$85,801	\$85,900	\$309

<u>\$85,901</u>	<u>\$86,000</u>	<u>\$299</u>
<u>\$86,001</u>	<u>\$86,100</u>	<u>\$289</u>
<u>\$86,101</u>	<u>\$86,200</u>	<u>\$279</u>
<u>\$86,201</u>	<u>\$86,300</u>	<u>\$269</u>
<u>\$86,301</u>	<u>\$86,400</u>	<u>\$259</u>
<u>\$86,401</u>	<u>\$86,500</u>	<u>\$249</u>
<u>\$86,501</u>	<u>\$86,600</u>	<u>\$239</u>
<u>\$86,601</u>	<u>\$86,700</u>	<u>\$229</u>
<u>\$86,701</u>	<u>\$86,800</u>	<u>\$219</u>
<u>\$86,801</u>	<u>\$86,900</u>	<u>\$209</u>
<u>\$86,901</u>	<u>\$87,000</u>	<u>\$199</u>
<u>\$87,001</u>	<u>\$87,100</u>	<u>\$189</u>
<u>\$87,101</u>	<u>\$87,200</u>	<u>\$179</u>
<u>\$87,201</u>	<u>\$87,300</u>	<u>\$169</u>
<u>\$87,301</u>	<u>\$87,400</u>	<u>\$159</u>
<u>\$87,401</u>	<u>\$87,500</u>	<u>\$149</u>
<u>\$87,501</u>	<u>\$87,600</u>	<u>\$139</u>
<u>\$87,601</u>	<u>\$87,700</u>	<u>\$129</u>
<u>\$87,701</u>	<u>\$87,800</u>	<u>\$119</u>
<u>\$87,801</u>	<u>\$87,900</u>	<u>\$109</u>
<u>\$87,901</u>	<u>\$88,000</u>	<u>\$99</u>
<u>\$88,001</u>	<u>\$88,100</u>	<u>\$89</u>
<u>\$88,101</u>	<u>\$88,200</u>	<u>\$79</u>
<u>\$88,201</u>	<u>\$88,300</u>	<u>\$69</u>
<u>\$88,301</u>	<u>\$88,400</u>	<u>\$59</u>
<u>\$88,401</u>	<u>\$88,500</u>	<u>\$49</u>
<u>\$88,501</u>	<u>\$88,600</u>	<u>\$39</u>
<u>\$88,601</u>	<u>\$88,700</u>	<u>\$29</u>
<u>\$88,701</u>	<u>\$88,800</u>	<u>\$19</u>
<u>\$88,801</u>	<u>\$88,900</u>	<u>\$9</u>
<u>\$88,901 and up</u>		<u>\$0</u>

(D) If, during the 2024 calendar year, funds are transferred from the Catastrophic Reserve Fund, then:

(i) Subdivisions (a)(4)(A)-(C) of this section shall not take effect; and

(ii) For tax years beginning on and after January 1, 2025, every resident, individual, trust, or estate shall determine the amount of income tax due under this subsection in accordance with the tables set forth in subdivision (a)(3) of this section.

~~(1)~~(5) The tables set forth in subdivisions (a)(1)-~~(10)~~(4) of this section shall be adjusted annually in accordance with the method set forth in subsection (d) of this section.

SECTION 6. Arkansas Code § 26-51-205(a), concerning the rate of tax levied on corporations organized under the laws of this state, is amended to add additional subdivisions to read as follows:

(4) For tax years beginning on or after January 1, 2023, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state, received by the corporation during the income year, on the following basis:

(A) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(B) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(C) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(D) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and

(E) On net income exceeding twenty-five thousand dollars (\$25,000), five and seven-tenths percent (5.7%).

(5)(A) Except as provided in subdivision (a)(5)(B) of this section, for tax years beginning on or after January 1, 2024, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state, received by the corporation during the income year, on the following basis:

(i) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(ii) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(iii) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(iv) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and

(v) On net income exceeding twenty-five thousand dollars (\$25,000), five and five-tenths percent (5.5%).

(B) If, on or after July 1, 2022, but before January 1, 2024, funds are transferred from the Catastrophic Reserve Fund, then:

(i) Subdivisions (a)(5)(A) and (a)(6)(A) of this section shall not take effect; and

(ii) For tax years beginning on and after January 1, 2024, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state, received by the corporation during the income year as provided under subdivision (a)(4) of this section.

(6)(A) Except as provided in subdivisions (a)(5)(B) and (a)(6)(B) of this section, for tax years beginning on or after January 1, 2025, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state, received by the corporation during the income year, on the following basis:

(i) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(ii) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(iii) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(iv) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and

(v) On net income exceeding twenty-five thousand dollars (\$25,000), five and three-tenths percent (5.3%).

(B) If subdivision (a)(5)(A) of this section takes effect and funds are transferred from the Catastrophic Reserve Fund during calendar year 2024, then:

(i) Subdivision (a)(6)(A) of this section shall not take effect; and

(ii) For tax years beginning on and after January 1, 2025, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state received by the corporation during the income year as provided under subdivision (a)(5) of this section.

SECTION 7. Arkansas Code § 26-51-205(b), concerning the rate of tax levied on foreign corporations doing business in this state, is amended to add additional subdivisions to read as follows:

(4) For tax years beginning on or after January 1, 2023, every foreign corporation doing business within the jurisdiction of this state shall pay annually an income tax on the proportion of its entire net income as now defined by the income tax laws of this state, on the following basis:

(i) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(ii) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(iii) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(iv) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and

(v) On net income exceeding twenty-five thousand dollars (\$25,000), five and seven-tenths percent (5.7%).

(5)(A) Except as provided in subdivision (b)(5)(B) of this section, for tax years beginning on or after January 1, 2024, every foreign corporation doing business within the jurisdiction of this state shall pay annually an income tax on the proportion of its entire net income, as now defined by the income tax laws of this state, on the following basis:

(i) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(ii) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(iii) On the next five thousand dollars (\$5,000) of

net income or any part thereof, three percent (3%);

(iv) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and

(v) On net income exceeding twenty-five thousand dollars (\$25,000), five and five-tenths percent (5.5%).

(B) If, on or after July 1, 2022, but before January 1, 2024, funds are transferred from the Catastrophic Reserve Fund, then:

(i) Subdivisions (a)(5)(A) and (a)(6)(A) of this section shall not take effect; and

(ii) For tax years beginning on and after January 1, 2024, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state, received by the corporation during the income year as provided under subdivision (a)(4) of this section.

(6)(A) Except as provided in subdivisions (a)(5)(B) and (a)(6)(B) of this section, for tax years beginning on or after January 1, 2025, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state, received by the corporation during the income year, on the following basis:

(i) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);

(ii) On the next three thousand dollars (\$3,000) of net income or any part thereof, two percent (2%);

(iii) On the next five thousand dollars (\$5,000) of net income or any part thereof, three percent (3%);

(iv) On the next fourteen thousand dollars (\$14,000) of net income or any part thereof, five percent (5%); and

(v) On net income exceeding twenty-five thousand dollars (\$25,000), five and three-tenths percent (5.3%).

(B) If subdivision (a)(5)(A) of this section takes effect and funds are transferred during calendar year 2024 from the Catastrophic Reserve Fund, then:

(i) Subdivision (a)(6)(A) of this section shall not

take effect; and

(ii) For tax years beginning on and after January 1, 2025, every corporation organized under the laws of this state shall pay annually an income tax with respect to carrying on or doing business on the entire net income of the corporation, as now defined by the laws of this state, received by the corporation during the income year as provided under subdivision (a)(5) of this section.

SECTION 8. Arkansas Code § 26-51-404(b)(34)(A), concerning exclusions from gross income, is amended to read as follows:

(34)(A) Payments received under the Coronavirus Food Assistance Program 1 or Coronavirus Food Assistance Program 2, described in 7 C.F.R. Part 9, as it existed on January 19, 2021, or under any successor program or programs.

SECTION 9. Arkansas Code § 26-51-430, concerning the standard income tax deduction, is amended to add an additional subsection to read as follows:

(c)(1) The Secretary of the Department of Finance and Administration shall increase annually the standard deduction provided under subsection (b) of this section by the cost-of-living adjustment for the current calendar year, rounding the amount to the nearest ten dollars (\$10.00).

(2)(A)(i) For purposes of subdivision (c)(1) of this section, the cost-of-living adjustment for a calendar year is the percentage, if any, by which the Consumer Price Index for the current calendar year exceeds the Consumer Price Index for the preceding calendar year, not to exceed three percent (3%).

(ii) If the Consumer Price Index for the current calendar year does not exceed the Consumer Price Index for the preceding calendar year, the standard deduction shall not be adjusted under this subsection for that year.

(B) The Consumer Price Index for a calendar year is the average of the Consumer Price Index as of the close of the twelve-month period ending on August 31 of that calendar year.

(C) As used in this subsection, "Consumer Price Index" means the most recent Consumer Price Index for all Urban Consumers published by the United States Department of Labor.

SECTION 10. Arkansas Code § 26-51-501(a), concerning personal tax credits, is amended to add an additional subdivision to read as follows:

(6)(A) An individual taxpayer having net income up to twenty-four thousand seven hundred dollars (\$24,700) who timely files a tax return is allowed an income tax credit against the income tax imposed by this chapter in accordance with the table set forth below:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Credit Amount</u>
<u>\$0</u>	<u>\$23,600</u>	<u>\$60</u>
<u>\$23,601</u>	<u>\$23,700</u>	<u>\$55</u>
<u>\$23,701</u>	<u>\$23,800</u>	<u>\$50</u>
<u>\$23,801</u>	<u>\$23,900</u>	<u>\$45</u>
<u>\$23,901</u>	<u>\$24,000</u>	<u>\$40</u>
<u>\$24,001</u>	<u>\$24,100</u>	<u>\$35</u>
<u>\$24,101</u>	<u>\$24,200</u>	<u>\$30</u>
<u>\$24,201</u>	<u>\$24,300</u>	<u>\$25</u>
<u>\$24,301</u>	<u>\$24,400</u>	<u>\$20</u>
<u>\$24,401</u>	<u>\$24,500</u>	<u>\$15</u>
<u>\$24,501</u>	<u>\$24,600</u>	<u>\$10</u>
<u>\$24,601</u>	<u>\$24,700</u>	<u>\$5</u>
<u>\$24,701 and up</u>		<u>\$0</u>

(B) The amount of the income tax credit under subdivision (a)(6)(A) of this section that may be claimed by the taxpayer in a tax year shall not exceed the amount of income tax due by the taxpayer.

(C) The table in subdivision (a)(6)(A) of this section shall be adjusted annually in accordance with the method set forth in § 26-51-201(d).

SECTION 11. Arkansas Code § 26-65-103(b)(1)(A), concerning income tax due under the Elective Pass-Through Entity Tax Act effective on January 1, 2022, is amended to read as follows:

(b)(1)(A) Except as provided in subdivision (b)(1)(B) of this section, a tax of five and nine tenths percent (5.9%) equal to the top marginal income-tax rate under § 26-51-201(a) is levied on the net taxable income of

an affected business entity, as determined under Chapter 51 of this title, including any applicable basis adjustments, to the extent that the income is reported to the secretary as business income derived from the affected business entity.

SECTION 12. DO NOT CODIFY – TEMPORARY LANGUAGE.

(a) By January 5, 2024, the Secretary of the Department of Finance and Administration shall notify the public and the Bureau of Legislative Research about whether or not the following have taken effect:

- (1) Section 26-51-201(a)(3);
- (2) Section 26-51-205(a)(5); and
- (3) Section 26-51-205(b)(5).

(b) By January 5, 2025, the Secretary of the Department of Finance and Administration shall notify the public and the Bureau of Legislative Research about whether or not the following have taken effect:

- (1) Section 26-51-201(a)(4);
- (2) Section 26-51-205(a)(6); and
- (3) Section 26-51-205(b)(6).

(c) Section 5 of this act does not affect any taxpayer's obligations under § 26-51-201 that were incurred before January 1, 2022.

SECTION 13. EFFECTIVE DATE. Sections 5, 6, 7, 9, 10, and 11 of this act are effective for tax years beginning on or after January 1, 2022.

SECTION 14. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that this act would create significant changes to the state's income tax laws; that this act would create significant changes to the fiscal policy of the state; that taxpayers and employers plan to meet their obligations on a calendar-year basis; and that this act is immediately necessary to ensure the financial stability of the state, to allow taxpayers and employers time both to plan for and to implement the changes in law created by this act, and to ensure that the Department of Finance and Administration has sufficient time to update its forms and software and train its personnel in accordance with this act. 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.

APPROVED: 12/9/21