

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
91st General Assembly  
Regular Session, 2017

As Engrossed: H2/3/17  
**A Bill**

HOUSE BILL 1227

By: Representative Farrer  
By: Senator Irvin

### For An Act To Be Entitled

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

### Subtitle

TO REDUCE INCOME TAX RATES IN CERTAIN CIRCUMSTANCES; AND TO REDUCE INCOME TAX RATES BASED ON THE GROWTH OF INCOME TAX COLLECTIONS.

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

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

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

(2)(A) The 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 the table by the cost-of-living adjustment for each calendar year ~~and by not changing the rate applicable to any rate bracket as adjusted.~~

~~(2)~~ (B) For purposes of subdivision ~~(d)(1)~~ (d)(2)(A) of this section, the cost-of-living adjustment for a calendar year is the



percentage, if any, by which the GPI Consumer Price Index for the current calendar year exceeds the GPI Consumer Price Index for the preceding calendar year, not to exceed three percent (3%). The GPI Consumer Price Index 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)(A) Each tax rate in subsection (a) of this section shall be reduced by one-eighth (1/8) of one (1) percentage point if the total income tax revenues collected under this chapter for a fiscal year exceed by at least three percent (3%) the total income tax revenues collected under this chapter for the most recent fiscal year in which income tax revenues collected under this chapter increased.

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

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

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

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

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

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

*/s/Farrer*