

By: Senator L. Chesterfield

SENATE RESOLUTION

TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION
BILL TO AMEND THE INCOME TAX IMPOSED ON INDIVIDUALS,
TRUSTS, AND ESTATES.

Subtitle

TO AUTHORIZE THE INTRODUCTION OF A
NONAPPROPRIATION BILL TO AMEND THE INCOME
TAX IMPOSED ON INDIVIDUALS, TRUSTS, AND
ESTATES.

WHEREAS, on March 11, 2020, Governor Asa Hutchinson declared an emergency under Arkansas Code §§ 12-75-101 et seq. and § 20-7-110 in response to an outbreak of coronavirus disease 2019 (COVID-19); and

WHEREAS, the public health emergency resulting from the spread of COVID-19 has dramatically impacted the state's economy, as evidenced by Governor Hutchinson's lowering the state's revenue forecast for the 2020 fiscal year by three hundred fifty-three million dollars (\$353,000,000) and lowering the anticipated revenue for the 2021 fiscal year by two hundred five million nine hundred thousand dollars (\$205,900,000); and

WHEREAS, the COVID-19 public health emergency has also resulted in a dramatic increase in the number of unemployment claims being filed - the total number of persons who have filed for unemployment in Arkansas is roughly one hundred thousand (100,000) and the weekly average of filed claims has increased from around ten thousand (10,000) to around sixty-six thousand (66,000), with the weekly average of paid claims increasing from around seven



thousand two hundred (7,200) to around twenty-seven thousand (27,000); and

WHEREAS, the consideration and passage of a bill to delay the implementation of certain tax cuts until 2022 is necessary to enhance the state's ability to maintain essential functions and service for the citizens of this state throughout the ongoing public health emergency,

NOW THEREFORE,

BE IT RESOLVED BY THE SENATE OF THE NINETY-SECOND GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

THAT Representative Love is authorized to introduce a bill which as introduced will read substantially as follows:

"For An Act To Be Entitled
AN ACT TO AMEND THE INCOME TAX IMPOSED ON INDIVIDUALS, TRUSTS, AND ESTATES;
TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle
TO AMEND THE INCOME TAX IMPOSED ON INDIVIDUALS, TRUSTS, AND ESTATES; AND TO
DECLARE AN EMERGENCY.

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

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

(7)(A) For tax years beginning on and after January 1, 2019, 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:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
<u>\$0</u>	<u>\$4,299</u>	<u>0.75%</u>
<u>\$4,300</u>	<u>\$8,899</u>	<u>2.5%</u>
<u>\$8,400</u>	<u>\$12,599</u>	<u>3.5%</u>

<u>\$12,600</u>	<u>\$20,999</u>	<u>4.5%</u>
<u>\$21,000</u>	<u>\$35,099</u>	<u>5%</u>
<u>\$35,100</u>	<u>\$75,000</u>	<u>6%</u>

(B) Every For tax years beginning on and after January 1, 2022, 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)(A) For tax years beginning on and after January 1, 2019, 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:

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

(B) Every For tax years beginning on and after January 1, 2022, 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 tax years beginning on and after January 1, 2019,

every resident, individual, trust, or estate having net income of more than 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:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
\$0	\$4,299	0.9%
\$4,300	\$8,399	2.5%
\$8,400	\$12,599	3.5%
\$12,600	\$20,999	4.5%
\$21,000	\$35,099	6%
\$35,100 and above		6.9%

(B) For the tax year beginning on and after January 1, ~~2020~~ 2022, 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:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
\$0	\$4,000	2%
\$4,001	\$8,000	4%
\$8,001	\$79,300	5.9%
\$79,301 and above		6.6%

~~(B)~~(C) For tax years beginning on and after January 1, ~~2021-2023~~, 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:

<u>From</u>	<u>Less Than or Equal To</u>	<u>Rate</u>
\$0	\$4,000	2%
\$4,001	\$8,000	4%
\$8,001 and above		5.9%

(10)(A) For tax years beginning on and after January 1, 2019, every resident, individual, trust, or estate having net income of more than seventy-five thousand dollars (\$75,000), but not more than eighty thousand dollars (\$80,000), shall reduce the amount of income tax due as determined under subdivision (a)(9)(A) 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>\$75,001</u>	<u>\$76,000</u>	<u>\$440</u>
<u>\$76,001</u>	<u>\$77,000</u>	<u>\$340</u>
<u>\$77,001</u>	<u>\$78,000</u>	<u>\$240</u>
<u>\$78,001</u>	<u>\$79,000</u>	<u>\$140</u>
<u>\$79,001</u>	<u>\$80,000</u>	<u>\$40</u>
<u>\$80,001 and above</u>		<u>\$0</u>

(B) Every For tax years beginning on and after January 1, 2022, 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)~~ subdivisions (a)(9)(B) and (C) 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

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that both the federal government and the State of Arkansas have amended the time for filing federal and state income tax returns to July 15 as a result of the COVID-19 pandemic; that extending the filing deadline for state income taxes into the next fiscal year has created the need to adjust the state budget to account for the anticipated reduction in state revenue; and that it is necessary to make immediate changes to the income tax imposed on individuals, trusts, and estates to avoid a financial crisis in the state and to ensure the state can continue providing services while maintaining a balanced budget. 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."