

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

State of Arkansas
93rd General Assembly
Third Extraordinary Session, 2022

A Bill

Call Item 1
HOUSE BILL 1004

By: Representative Tollett

For An Act To Be Entitled

AN ACT TO REDUCE ARKANSAS INCOME TAXES; TO ACCELERATE FUTURE REDUCTIONS IN ARKANSAS INCOME TAXES; TO ADOPT FEDERAL LAW REGARDING DEPRECIATION AND EXPENSING OF PROPERTY; TO CREATE AN INFLATIONARY RELIEF INCOME-TAX CREDIT FOR CERTAIN TAXPAYERS; TO EXEMPT FROM INCOME TAX THE FIRST SIXTY THOUSAND DOLLARS (\$60,000) OF INCOME FOR CERTAIN TAXPAYERS; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO REDUCE ARKANSAS INCOME TAXES; TO ADOPT FEDERAL LAW ON DEPRECIATION AND EXPENSING OF PROPERTY; TO CREATE AN INCOME-TAX CREDIT FOR CERTAIN TAXPAYERS; 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), as amended by Act 2 of 2021, Second Extraordinary Session, concerning the rate of tax levied on the income of individuals, trusts, and estates, is amended to read as follows:

(a) A tax is imposed upon 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 and after January 1, 2022, every~~ 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:

From	Less Than or Equal To	Rate
\$0	\$4,999	0%
\$5,000	\$9,999	2%
\$10,000	\$14,299	3%
\$14,300	\$23,599	3.4%
\$23,600	\$39,699 <u>\$84,500</u>	5% <u>4.9%</u>
\$39,700	\$84,500	5.5%

(B) ~~On and after January 1, 2022, every~~ 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:

From	Less Than or Equal To	Rate
\$0	\$4,300	2%
\$4,301	\$8,500	4%
\$8,501 and above		5.5% <u>4.9%</u>

(C) ~~For tax years beginning on or after January 1, 2022, every~~ 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)~~ eighty-nine thousand one hundred dollars (\$89,100) 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:

From	Less Than or Equal To	Bracket Adjustment Amount
\$84,501	\$84,600	\$610 <u>\$460</u>
\$84,601	\$84,700	\$600 <u>\$450</u>
\$84,701	\$84,800	\$590 <u>\$440</u>

\$84,801	\$84,900	\$580 <u>\$430</u>
\$84,901	\$85,000	\$570 <u>\$420</u>
\$85,001	\$85,100	\$560 <u>\$410</u>
\$85,101	\$85,200	\$550 <u>\$400</u>
\$85,201	\$85,300	\$540 <u>\$390</u>
\$85,301	\$85,400	\$530 <u>\$380</u>
\$85,401	\$85,500	\$520 <u>\$370</u>
\$85,501	\$85,600	\$510 <u>\$360</u>
\$85,601	\$85,700	\$500 <u>\$350</u>
\$85,701	\$85,800	\$490 <u>\$340</u>
\$85,801	\$85,900	\$480 <u>\$330</u>
\$85,901	\$86,000	\$470 <u>\$320</u>
\$86,001	\$86,100	\$460 <u>\$310</u>
\$86,101	\$86,200	\$450 <u>\$300</u>
\$86,201	\$86,300	\$440 <u>\$290</u>
\$86,301	\$86,400	\$430 <u>\$280</u>
\$86,401	\$86,500	\$420 <u>\$270</u>
\$86,501	\$86,600	\$410 <u>\$260</u>
\$86,601	\$86,700	\$400 <u>\$250</u>
\$86,701	\$86,800	\$390 <u>\$240</u>
\$86,801	\$86,900	\$380 <u>\$230</u>
\$86,901	\$87,000	\$370 <u>\$220</u>
\$87,001	\$87,100	\$360 <u>\$210</u>
\$87,101	\$87,200	\$350 <u>\$200</u>
\$87,201	\$87,300	\$340 <u>\$190</u>
\$87,301	\$87,400	\$330 <u>\$180</u>
\$87,401	\$87,500	\$320 <u>\$170</u>
\$87,501	\$87,600	\$310 <u>\$160</u>
\$87,601	\$87,700	\$300 <u>\$150</u>
\$87,701	\$87,800	\$290 <u>\$140</u>
\$87,801	\$87,900	\$280 <u>\$130</u>
\$87,901	\$88,000	\$270 <u>\$120</u>
\$88,001	\$88,100	\$260 <u>\$110</u>
\$88,101	\$88,200	\$250 <u>\$100</u>
\$88,201	\$88,300	\$240 <u>\$90</u>
\$88,301	\$88,400	\$230 <u>\$80</u>

\$88,401	\$88,500	\$220	<u>\$70</u>
\$88,501	\$88,600	\$210	<u>\$60</u>
\$88,601	\$88,700	\$200	<u>\$50</u>
\$88,701	\$88,800	\$190	<u>\$40</u>
\$88,801	\$88,900	\$180	<u>\$30</u>
\$88,901	\$89,000	\$170	<u>\$20</u>
\$89,001	\$89,100	\$160	<u>\$10</u>
\$89,101	<u>and up</u>	\$150	<u>\$0</u>
\$89,201	\$89,300	\$140	
\$89,301	\$89,400	\$130	
\$89,401	\$89,500	\$120	
\$89,501	\$89,600	\$110	
\$89,601	\$89,700	\$100	
\$89,701	\$89,800	\$90	
\$89,801	\$89,900	\$80	
\$89,901	\$90,000	\$70	
\$90,001	\$90,100	\$60	
\$90,101	\$90,200	\$50	
\$90,201	\$90,300	\$40	
\$90,301	\$90,400	\$30	
\$90,401	\$90,500	\$20	
\$90,501	\$90,600	\$10	
\$90,601	and up	\$0	

~~(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:~~

From	Less Than or Equal To	Rate
\$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	5.3%

~~(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:~~

From	Less Than or Equal To	Rate
\$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:~~

From	Less Than or Equal To	Bracket Adjustment Amount
\$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
\$86,001	\$86,100	\$398
\$86,101	\$86,200	\$388
\$86,201	\$86,300	\$378
\$86,301	\$86,400	\$368
\$86,401	\$86,500	\$358
\$86,501	\$86,600	\$348
\$86,601	\$86,700	\$338
\$86,701	\$86,800	\$328
\$86,801	\$86,900	\$318
\$86,901	\$87,000	\$308
\$87,001	\$87,100	\$298
\$87,101	\$87,200	\$288
\$87,201	\$87,300	\$278
\$87,301	\$87,400	\$268
\$87,401	\$87,500	\$258
\$87,501	\$87,600	\$248
\$87,601	\$87,700	\$238
\$87,701	\$87,800	\$228
\$87,801	\$87,900	\$218
\$87,901	\$88,000	\$208
\$88,001	\$88,100	\$198
\$88,101	\$88,200	\$188
\$88,201	\$88,300	\$178
\$88,301	\$88,400	\$168
\$88,401	\$88,500	\$158
\$88,501	\$88,600	\$148
\$88,601	\$88,700	\$138
\$88,701	\$88,800	\$128
\$88,801	\$88,900	\$118
\$88,901	\$89,000	\$108
\$89,001	\$89,100	\$98
\$89,101	\$89,200	\$88
\$89,201	\$89,300	\$78
\$89,301	\$89,400	\$68
\$89,401	\$89,500	\$58

\$89,501	\$89,600	\$48
\$89,601	\$89,700	\$38
\$89,701	\$89,800	\$28
\$89,801	\$89,900	\$18
\$89,901	\$90,000	\$8
\$90,001 and up		\$0

~~(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:~~

From	Less Than or Equal To	Rate
\$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	5.1%

~~(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:~~

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

~~(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:~~

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

\$87,601	\$87,700	\$175
\$87,701	\$87,800	\$165
\$87,801	\$87,900	\$155
\$87,901	\$88,000	\$145
\$88,001	\$88,100	\$135
\$88,101	\$88,200	\$125
\$88,201	\$88,300	\$115
\$88,301	\$88,400	\$105
\$88,401	\$88,500	\$95
\$88,501	\$88,600	\$85
\$88,601	\$88,700	\$75
\$88,701	\$88,800	\$65
\$88,801	\$88,900	\$55
\$88,901	\$89,000	\$45
\$89,001	\$89,100	\$35
\$89,101	\$89,200	\$25
\$89,201	\$89,300	\$15
\$89,301	\$89,400	\$5
\$89,401 and up		\$0

~~(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:~~

From	Less Than or Equal To	Rate
\$0	\$4,999	0%
\$5,000	\$9,999	2%

\$10,000	\$14,299	3%
\$14,300	\$23,599	3.4%
\$23,600	\$84,500	4.9%

~~(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:~~

From	Less Than or Equal To	Rate
\$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)(4)(B) 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
\$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
\$85,901	\$86,000	\$299
\$86,001	\$86,100	\$289
\$86,101	\$86,200	\$279
\$86,201	\$86,300	\$269
\$86,301	\$86,400	\$259
\$86,401	\$86,500	\$249
\$86,501	\$86,600	\$239
\$86,601	\$86,700	\$229
\$86,701	\$86,800	\$219
\$86,801	\$86,900	\$209
\$86,901	\$87,000	\$199
\$87,001	\$87,100	\$189
\$87,101	\$87,200	\$179
\$87,201	\$87,300	\$169
\$87,301	\$87,400	\$159
\$87,401	\$87,500	\$149
\$87,501	\$87,600	\$139
\$87,601	\$87,700	\$129
\$87,701	\$87,800	\$119
\$87,801	\$87,900	\$109
\$87,901	\$88,000	\$99
\$88,001	\$88,100	\$89
\$88,101	\$88,200	\$79
\$88,201	\$88,300	\$69
\$88,301	\$88,400	\$59
\$88,401	\$88,500	\$49
\$88,501	\$88,600	\$39
\$88,601	\$88,700	\$29
\$88,701	\$88,800	\$19
\$88,801	\$88,900	\$9
\$88,901 and up		\$0

~~(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.~~

~~(5)(2) The tables set forth in ~~subdivisions~~ subdivision (a)(1)-(4) of this section shall be adjusted annually in accordance with the method set forth in subsection (d) of this section.~~

SECTION 2. Arkansas Code § 26-51-205(a)(4)-(6), as amended by Act 2 of 2021, Second Extraordinary Session, concerning the rate of tax levied on corporations organized under the laws of this state, are amended 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)(A) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);~~

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

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

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

~~(v)(E) 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 3. Arkansas Code § 26-51-205(b)(4)-(6), as amended by Act 2 of 2021, Second Extraordinary Session, concerning the rate of tax levied on foreign corporations doing business in this state, are amended 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:

~~(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 (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 (b)(5)(A) and (b)(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 (b)(4) of this section.~~

~~(6)(A) Except as provided in subdivisions (b)(5)(B) and (b)(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)(A) On the first three thousand dollars (\$3,000) of net income or any part thereof, one percent (1%);~~

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

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

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

~~(v)(E) On net income exceeding twenty-five thousand dollars~~

(\$25,000), five and three-tenths percent (5.3%).

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

~~(i) Subdivision (b)(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 (b)(5) of this section.~~

SECTION 4. Arkansas Code Title 26, Chapter 51, Subchapter 3, is amended to add an additional section to read as follows:

26-51-317. Teachers, law enforcement officers, and firefighters.

(a) As used in this section:

(1)(A) "Firefighter" means any regular or permanent employee of a fire department of a political subdivision, including a probationary firefighter.

(B) "Firefighter" does not include any civilian employee of a fire department or any person temporarily employed as a firefighter during an emergency;

(2) "Full-time law enforcement officer" means a law enforcement officer who:

(A) Is employed by a law enforcement agency for at least twenty-five (25) hours per week;

(B) Receives a salary authorized by a law enforcement agency; and

(C) Has the statutory authority to enforce the criminal, traffic, or highway laws of the state or of the United States Government;

(3) "Law enforcement agency" means a:

(A) Municipal police department;

(B) County sheriff's office;

(C) Law enforcement entity of the State of Arkansas, including without limitation:

(i) The Division of Arkansas State Police;
(ii) The Arkansas Highway Police Division of the
Arkansas Department of Transportation;
(iii) The State Capitol Police; and
(iv) A police department that is part of a public
college or university; or

(D) Federal law enforcement entity; and

(4) "Teacher" means a teacher, instructor, counselor, principal,
or aide for students in any grade from prekindergarten through grade twelve
(preK-12) who is employed for at least nine hundred (900) hours in a tax year
at a public school or charter school certified by the state to provide
preschool, elementary, or secondary education.

(b) A taxpayer who is a firefighter, full-time law enforcement
officer, or teacher is allowed an exemption from the income tax imposed by
this chapter for the first sixty thousand dollars (\$60,000) of income
received for employment as a firefighter, full-time law enforcement officer,
or teacher.

SECTION 5. Arkansas Code § 26-51-428(a), as in effect until the contingency set out in Acts 2007, No. 613, § 2, is met and concerning the income tax deduction for depreciation and expensing of property, is amended to read as follows:

(a)(1) Title 26 U.S.C. §§ 167 and 168(a)-(j), as in effect on January 1, 2019, and 26 U.S.C. § 179, as in effect on January 1, 2009, regarding depreciation and expensing of property, are adopted for the purpose of computing Arkansas income tax liability for property purchased in tax years beginning on or after January 1, 2014.

(2) Title 26 U.S.C. § 179, as in effect on January 1, 2022, is adopted for the purpose of computing Arkansas income tax liability for property purchased in tax years beginning on or after January 1, 2022.

SECTION 6. Section 12 of Act 2 of 2021, Second Extraordinary Session, which is temporary and uncodified language, is repealed.

~~(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 7. DO NOT CODIFY. TEMPORARY LANGUAGE. Inflationary relief income-tax credit.

(a) As used in this section, "resident" means natural persons and includes, for the purpose of determining liability for the tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., upon or with reference to the income of any taxable year, any person domiciled in the State of Arkansas and any other person who maintains a permanent place of abode within this state and spends in the aggregate more than six (6) months of the taxable year within this state.

(b)(1)(A) For the tax year beginning January 1, 2022, a resident individual taxpayer who files an Arkansas full-year resident income-tax return, other than a joint return, having net income up to one hundred one thousand dollars (\$101,000) is allowed an income-tax credit against the individual income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., in accordance with the following table:

<u>From</u>	<u>Less Than or Equal to</u>	<u>Credit Amount</u>
<u>\$1</u>	<u>\$87,000</u>	<u>\$150</u>
<u>\$87,001</u>	<u>\$88,000</u>	<u>\$140</u>
<u>\$88,001</u>	<u>\$89,000</u>	<u>\$130</u>
<u>\$89,001</u>	<u>\$90,000</u>	<u>\$120</u>
<u>\$90,001</u>	<u>\$91,000</u>	<u>\$110</u>
<u>\$91,001</u>	<u>\$92,000</u>	<u>\$100</u>
<u>\$92,001</u>	<u>\$93,000</u>	<u>\$90</u>
<u>\$93,001</u>	<u>\$94,000</u>	<u>\$80</u>

<u>\$94,001</u>	<u>\$95,000</u>	<u>\$70</u>
<u>\$95,001</u>	<u>\$96,000</u>	<u>\$60</u>
<u>\$96,001</u>	<u>\$97,000</u>	<u>\$50</u>
<u>\$97,001</u>	<u>\$98,000</u>	<u>\$40</u>
<u>\$98,001</u>	<u>\$99,000</u>	<u>\$30</u>
<u>\$99,001</u>	<u>\$100,000</u>	<u>\$20</u>
<u>\$100,001</u>	<u>\$101,000</u>	<u>\$10</u>
<u>\$101,001 and up</u>		<u>\$0</u>

(B) Spouses filing separately on the same income-tax return may each claim one (1) credit under subdivision (b)(1)(A) of this section against the tax on the return of each spouse.

(2)(A) For the tax year beginning January 1, 2022, resident individual taxpayers who file a joint Arkansas full year resident income-tax return having net income up to two hundred two thousand dollars (\$202,000) are allowed an income tax credit against the individual income tax imposed by the Income Tax Act of 1929, § 26-51-101 et seq., in accordance with the following table:

<u>From</u>	<u>Less Than or Equal to</u>	<u>Credit Amount</u>
<u>\$1</u>	<u>\$174,000</u>	<u>\$300</u>
<u>\$174,001</u>	<u>\$176,000</u>	<u>\$280</u>
<u>\$176,001</u>	<u>\$178,000</u>	<u>\$260</u>
<u>\$178,001</u>	<u>\$180,000</u>	<u>\$240</u>
<u>\$180,001</u>	<u>\$182,000</u>	<u>\$220</u>
<u>\$182,001</u>	<u>\$184,000</u>	<u>\$200</u>
<u>\$184,001</u>	<u>\$186,000</u>	<u>\$180</u>
<u>\$186,001</u>	<u>\$188,000</u>	<u>\$160</u>
<u>\$188,001</u>	<u>\$190,000</u>	<u>\$140</u>
<u>\$190,001</u>	<u>\$192,000</u>	<u>\$120</u>
<u>\$192,001</u>	<u>\$194,000</u>	<u>\$100</u>
<u>\$194,001</u>	<u>\$196,000</u>	<u>\$80</u>
<u>\$196,001</u>	<u>\$198,000</u>	<u>\$60</u>
<u>\$198,001</u>	<u>\$200,000</u>	<u>\$40</u>
<u>\$200,001</u>	<u>\$202,000</u>	<u>\$20</u>
<u>\$202,001 and up</u>		<u>\$0</u>

(B) Spouses filing jointly on the same income-tax return shall receive only one (1) credit under subdivision (b)(2)(A) of this section against their aggregate tax.

(c) The credits allowed under subdivisions (b)(1) and (b)(2) of this section cannot be claimed by a taxpayer:

(1) For any tax year other than the tax year beginning on January 1, 2022; or

(2) Who files a nonresident return or a part-year resident return.

(d) The amount of the income-tax credit under 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.

SECTION 8. EFFECTIVE DATE.

(a) Sections 1, 5, and 7 of this act are effective for tax years beginning on or after January 1, 2022.

(b) Sections 2–4 of this act are effective for tax years beginning on or after January 1, 2023.

SECTION 9. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that Arkansas has a net general revenue surplus in excess of one billion six hundred million dollars (\$1,600,000,000) for the 2022 fiscal year; that the state is collecting too much in tax revenue; that the state has already enacted future tax cuts, which should be expedited to more immediately reduce the rate of tax collection; and that this act is immediately necessary to return hard-earned money to the hands of Arkansans and to combat increasing inflationary pressures. 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.