

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 63 of the Regular Session

As Engrossed: S1/20/05 H1/27/05

A Bill

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

SENATE BILL 38

4
5 By: Senators Malone, Hill, Argue, Madison, Broadway, Higginbotham, J. Jeffress, G. Jeffress, Salmon,
6 T. Smith, Glover, Luker, Bryles, J. Bookout, Laverty, Hendren, Horn, Wilkinson, Wooldridge, Brown,
7 Capps, Miller, J. Taylor, Trusty, Womack

8 By: Representatives Thyer, Childers, Pace, Abernathy, Adams, Adcock, Anderson, Berry, Bond, Boyd,
9 Burris, Clemons, Cooper, D. Creekmore, Dickinson, Dobbins, Edwards, Elliott, D. Evans, L. Evans,
10 Glidewell, R. Green, Harris, T. Hutchinson, Jeffrey, D. Johnson, J. Johnson, Kenney, Key, Ledbetter,
11 Mack, Maloch, J. Martin, M. Martin, Matayo, Mathis, McDaniel, Medley, Nichols, Norton, Ormond,
12 Overbey, Pate, Petrus, Pickett, S. Prater, Pritchard, Pyle, Ragland, Rankin, Reep, Roebuck, Rosenbaum,
13 Sample, Saunders, Schulte, Scroggin, Stovall, Thomason, Thompson, Walters, Willis, Wills, Wood, Wyatt

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16 **For An Act To Be Entitled**

17 AN ACT TO REPEAL THE INCOME TAX SURCHARGE
18 BEGINNING WITH TAX YEAR 2005; AND FOR OTHER
19 PURPOSES.

20
21 **Subtitle**

22 AN ACT TO REPEAL THE INCOME TAX
23 SURCHARGE BEGINNING WITH TAX YEAR 2005.

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

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28 SECTION 1. Arkansas Code § 26-51-207 is amended as follows:

29 26-51-207. Income tax surcharge.

30 (a) In addition to the taxes levied by §§ 26-51-201, 26-51-301, and
31 26-51-302, there is levied an income tax surcharge of three percent (3%) of
32 the tax liability of every person required to file an Arkansas income tax
33 return.

34 (b)(1) If an individual is a resident of an Arkansas border city
35 described in § 26-52-601 et seq., the individual shall be liable for the



1 income tax surcharge levied in subsection (a) of this section.

2 (2) The surcharge shall be computed on the tax liability that
3 would have been due had the income tax exemption of § 26-52-601 et seq. not
4 been available.

5 (3) The income tax exemption of § 26-52-601 et seq. shall not
6 apply to the income tax surcharge levied in subsection (a) of this section.

7 (c) The revenues derived from the additional tax imposed by this
8 section shall be credited to the General Revenue Fund Account of the State
9 Apportionment Fund, there to be distributed with the other gross general
10 revenue collections.

11 (d) For purposes of this section, "tax liability" means the taxes
12 imposed pursuant to §§ 26-51-201, 26-51-301, and 26-52-302 before the
13 application of any tax credits.

14 (e) This section shall apply only to tax years beginning in calendar
15 years 2003 and 2004.

16 ~~(f)(1) This section shall also continue to apply to tax years
17 beginning January 1, 2005, except as provided in this subsection.~~

18 ~~(2) When the budget estimates required by § 19-4-202(b) for the
19 fiscal year ending June 30, 2006, reflect projected growth in general
20 revenues available for distribution equal to or in excess of one hundred
21 twenty one million dollars (\$121,000,000), the tax rate levied in this
22 section shall be reduced or shall expire in accordance with this subsection.~~

23 ~~(3)(A) When the budget estimates required by § 19-4-202(b) for
24 the fiscal year ending June 30, 2006, reflect projected growth in general
25 revenues available for distribution equal to or in excess of one hundred
26 fifty six million dollars (\$156,000,000), the tax levied in this section
27 shall expire for tax years beginning on and after January 1, 2005.~~

28 ~~(B) When the budget estimates required by § 19-4-202(b)
29 for the fiscal year ending June 30, 2006, reflect projected growth in general
30 revenues available for distribution equal to or in excess of one hundred
31 thirty nine million dollars (\$139,000,000) but less than one hundred fifty-
32 six million dollars (\$156,000,000), the tax rate levied in this section shall
33 be reduced to one percent (1%) for tax years beginning on and after January
34 1, 2005.~~

35 ~~(C) When the budget estimates required by § 19-4-202(b)
36 for the fiscal year ending June 30, 2006, reflect projected growth in general~~

1 ~~revenues available for distribution equal to or in excess of one hundred~~
2 ~~twenty one million dollars (\$121,000,000) but less than one hundred thirty-~~
3 ~~nine million dollars (\$139,000,000), the tax rate levied in this section~~
4 ~~shall be reduced to two percent (2%) for tax years beginning on and after~~
5 ~~January 1, 2005.~~

6 */s/ Malone, et al*

9 *APPROVED: 2/07/2005*

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