

1 State of Arkansas
2 94th General Assembly
3 Second Extraordinary Session, 2024
4

Call Item 1

A Bill

SENATE BILL 1

5 By: Senators J. Dismang, J. Boyd, J. Bryant, Caldwell, A. Clark, Crowell, B. Davis, Dees, J. Dotson, J.
6 English, Flippo, Gilmore, K. Hammer, Hester, Hickey, Hill, Irvin, B. Johnson, M. Johnson, M. McKee, J.
7 Payton, C. Penzo, J. Petty, Rice, Stone, G. Stubblefield, D. Sullivan, D. Wallace
8 By: Representatives Eaves, M. Shepherd, Beaty Jr., Ray, Achor, Andrews, Barker, Beck, Bentley, M.
9 Berry, S. Berry, Breaux, Brooks, K. Brown, M. Brown, Burkes, Joey Carr, Cavanaugh, C. Cooper,
10 Cozart, Crawford, Dalby, Duke, Eubanks, Evans, C. Fite, L. Fite, Fortner, Furman, Gazaway, Gonzales,
11 Gramlich, Haak, Hawk, D. Hodges, G. Hodges, Holcomb, Hollowell, Jean, L. Johnson, Ladyman, Long,
12 Lundstrum, Lynch, Maddox, J. Mayberry, McAlindon, McClure, McCollum, M. McElroy, McGrew, B.
13 McKenzie, McNair, S. Meeks, Miller, Milligan, J. Moore, K. Moore, Painter, Pearce, Pilkington, Puryear,
14 R. Scott Richardson, Richmond, Rose, Rye, Schulz, Steimel, Tosh, Underwood, Unger, Vaught, Walker,
15 Warren, Watson, Wing, Womack, Wooldridge, Wooten

For An Act To Be Entitled

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18 AN ACT CONCERNING THE REDUCTION OF INCOME TAXES; TO
19 REDUCE THE INCOME TAX LEVIED ON INDIVIDUALS, TRUSTS,
20 ESTATES, AND CORPORATIONS; TO TRANSFER SURPLUS FUNDS
21 TO THE ARKANSAS RESERVE FUND SET-ASIDE TO ENSURE THE
22 EFFICIENT AND EFFECTIVE OPERATION OF STATE
23 GOVERNMENT; TO DECLARE AN EMERGENCY; AND FOR OTHER
24 PURPOSES.

Subtitle

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28 TO REDUCE THE INCOME TAX LEVIED ON
29 INDIVIDUALS, TRUSTS, ESTATES, AND
30 CORPORATIONS; TO TRANSFER SURPLUS FUNDS
31 TO THE ARKANSAS RESERVE FUND SET-ASIDE;
32 AND TO DECLARE AN EMERGENCY.

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34
35 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
36



SECTION 1. Arkansas Code § 26-51-201(a)(3), concerning the income tax imposed on individuals, trusts, and estates, is amended to read as follows:

(3) For tax years beginning on or after January 1, 2024:

(A) Every resident, individual, trust, or estate having net income less than or equal to ~~eighty-seven thousand dollars (\$87,000)~~ eighty-nine thousand six hundred dollars (\$89,600) 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	\$5,099 <u>\$5,299</u>	0%
\$5,100 <u>\$5,300</u>	\$10,299 <u>\$10,599</u>	2%
\$10,300 <u>\$10,600</u>	\$14,699 <u>\$15,099</u>	3%
\$14,700 <u>\$15,100</u>	\$24,299 <u>\$24,999</u>	3.4%
\$24,300 <u>\$25,000</u>	\$87,000 <u>\$89,600</u>	4.4% <u>3.9%</u>

(B) Every resident, individual, trust, or estate having net income greater than ~~eighty-seven thousand dollars (\$87,000)~~ eighty-nine thousand six hundred dollars (\$89,600) 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	\$4,400 <u>\$4,500</u>	2%
\$4,401 <u>\$4,501 and above</u>	\$8,800	4% <u>3.9%</u>
\$8,801 and above		4.4%

(C) Every resident, individual, trust, or estate having net income greater than or equal to ~~eighty-seven thousand one dollars (\$87,001)~~ eighty-nine thousand six hundred one dollars (\$89,601) but not greater than ~~ninety thousand eight hundred dollars (\$90,800)~~ ninety-two thousand seven hundred dollars (\$92,700) 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
\$87,001 <u>\$89,601</u>	\$87,100 <u>\$89,700</u>	\$380 <u>\$310</u>
\$87,101 <u>\$89,701</u>	\$87,200 <u>\$89,800</u>	\$370 <u>\$300</u>
\$87,201 <u>\$89,801</u>	\$87,300 <u>\$89,900</u>	\$360 <u>\$290</u>
\$87,301 <u>\$89,901</u>	\$87,400 <u>\$90,000</u>	\$350 <u>\$280</u>
\$87,401 <u>\$90,001</u>	\$87,500 <u>\$90,100</u>	\$340 <u>\$270</u>

1	\$87,501	<u>\$90,101</u>	\$87,600	<u>\$90,200</u>	\$330	<u>\$260</u>
2	\$87,601	<u>\$90,201</u>	\$87,700	<u>\$90,300</u>	\$320	<u>\$250</u>
3	\$87,701	<u>\$90,301</u>	\$87,800	<u>\$90,400</u>	\$310	<u>\$240</u>
4	\$87,801	<u>\$90,401</u>	\$87,900	<u>\$90,500</u>	\$300	<u>\$230</u>
5	\$87,901	<u>\$90,501</u>	\$88,000	<u>\$90,600</u>	\$290	<u>\$220</u>
6	\$88,001	<u>\$90,601</u>	\$88,100	<u>\$90,700</u>	\$280	<u>\$210</u>
7	\$88,101	<u>\$90,701</u>	\$88,200	<u>\$90,800</u>	\$270	<u>\$200</u>
8	\$88,201	<u>\$90,801</u>	\$88,300	<u>\$90,900</u>	\$260	<u>\$190</u>
9	\$88,301	<u>\$90,901</u>	\$88,400	<u>\$91,000</u>	\$250	<u>\$180</u>
10	\$88,401	<u>\$91,001</u>	\$88,500	<u>\$91,100</u>	\$240	<u>\$170</u>
11	\$88,501	<u>\$91,101</u>	\$88,600	<u>\$91,200</u>	\$230	<u>\$160</u>
12	\$88,601	<u>\$91,201</u>	\$88,700	<u>\$91,300</u>	\$220	<u>\$150</u>
13	\$88,701	<u>\$91,301</u>	\$88,800	<u>\$91,400</u>	\$210	<u>\$140</u>
14	\$88,801	<u>\$91,401</u>	\$88,900	<u>\$91,500</u>	\$200	<u>\$130</u>
15	\$88,901	<u>\$91,501</u>	\$89,000	<u>\$91,600</u>	\$190	<u>\$120</u>
16	\$89,001	<u>\$91,601</u>	\$89,100	<u>\$91,700</u>	\$180	<u>\$110</u>
17	\$89,101	<u>\$91,701</u>	\$89,200	<u>\$91,800</u>	\$170	<u>\$100</u>
18	\$89,201	<u>\$91,801</u>	\$89,300	<u>\$91,900</u>	\$160	<u>\$90</u>
19	\$89,301	<u>\$91,901</u>	\$89,400	<u>\$92,000</u>	\$150	<u>\$80</u>
20	\$89,401	<u>\$92,001</u>	\$89,500	<u>\$92,100</u>	\$140	<u>\$70</u>
21	\$89,501	<u>\$92,101</u>	\$89,600	<u>\$92,200</u>	\$130	<u>\$60</u>
22	\$89,601	<u>\$92,201</u>	\$89,700	<u>\$92,300</u>	\$120	<u>\$50</u>
23	\$89,701	<u>\$92,301</u>	\$89,800	<u>\$92,400</u>	\$110	<u>\$40</u>
24	\$89,801	<u>\$92,401</u>	\$89,900	<u>\$92,500</u>	\$100	<u>\$30</u>
25	\$89,901	<u>\$92,501</u>	\$90,000	<u>\$92,600</u>	\$90	<u>\$20</u>
26	\$90,001	<u>\$92,601</u>	\$90,100	<u>\$92,700</u>	\$80	<u>\$10</u>
27	\$90,101	<u>\$92,701 and up</u>	\$90,200		\$70	<u>\$0</u>
28	\$90,201		\$90,300		\$60	
29	\$90,301		\$90,400		\$50	
30	\$90,401		\$90,500		\$40	
31	\$90,501		\$90,600		\$30	
32	\$90,601		\$90,700		\$20	
33	\$90,701		\$90,800		\$10	
34	\$90,801	and up			\$0	

35

36 SECTION 2. Arkansas Code § 26-51-205(a)(5), concerning the income tax

1 imposed on domestic corporations, is amended to read as follows:

2 (5) For tax years beginning on or after January 1, 2024, every
3 corporation organized under the laws of this state shall pay annually an
4 income tax with respect to carrying on or doing business on the entire net
5 income of the corporation, as now defined by the laws of this state, received
6 by the corporation during the income year, on the following basis:

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

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

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

13 (D) On net income exceeding eleven thousand dollars
14 (\$11,000), ~~four and eight-tenths percent (4.8%)~~ four and three-tenths percent
15 (4.3%).

16

17 SECTION 3. Arkansas Code § 26-51-205(b)(5), concerning the income tax
18 imposed on foreign corporations, is amended to read as follows:

19 (5) For tax years beginning on or after January 1, 2024, every
20 foreign corporation doing business within the jurisdiction of this state
21 shall pay annually an income tax on the proportion of its entire net income
22 as now defined by the income tax laws of this state, on the following basis:

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

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

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

29 (D) On net income exceeding eleven thousand dollars
30 (\$11,000), ~~four and eight-tenths percent (4.8%)~~ four and three-tenths percent
31 (4.3%).

32

33 SECTION 4. TEMPORARY LANGUAGE. DO NOT CODIFY. Transfer to Arkansas
34 Reserve Fund Set-Aside.

35 On July 2, 2024, the Chief Fiscal Officer of the State shall transfer
36 on his or her books and the books of the Treasurer of State and the Auditor

1 of State two hundred ninety million dollars (\$290,000,000) from the General
2 Revenue Allotment Reserve Fund to the Arkansas Reserve Fund Set-Aside for the
3 purpose established in Acts 2023 (1st Ex. Sess.), No. 11, § 1.

4
5 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
6 General Assembly of the State of Arkansas that this act would create
7 significant changes to the state’s income tax laws; that taxpayers and
8 employers plan to meet their obligations on a calendar-year basis; and that
9 this act is immediately necessary to ensure the financial stability of the
10 state, to allow taxpayers and employers time both to plan for and to
11 implement the changes in law created by this act, and to ensure that the
12 Department of Finance and Administration has sufficient time to update its
13 forms and software and train its personnel in accordance with this act.
14 Therefore, an emergency is declared to exist, and this act being immediately
15 necessary for the preservation of the public peace, health, and safety shall
16 become effective on:

17 (1) The date of its approval by the Governor;

18 (2) If the bill is neither approved nor vetoed by the Governor,
19 the expiration of the period of time during which the Governor may veto the
20 bill; or

21 (3) If the bill is vetoed by the Governor and the veto is
22 overridden, the date the last house overrides the veto.