

1 State of Arkansas  
2 92nd General Assembly  
3 Fiscal Session, 2020  
4  
5 By: Representative Love

HR 1004

6  
7 **HOUSE RESOLUTION**

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

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12  
13 **Subtitle**

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

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20 WHEREAS, on March 11, 2020, Governor Asa Hutchinson declared an  
21 emergency under Arkansas Code §§ 12-75-101 et seq. and § 20-7-110 in response  
22 to an outbreak of coronavirus disease 2019 (COVID-19); and  
23

24 WHEREAS, the public health emergency resulting from the spread of  
25 COVID-19 has dramatically impacted the state's economy, as evidenced by  
26 Governor Hutchinson's lowering the state's revenue forecast for the 2020  
27 fiscal year by three hundred fifty-three million dollars (\$353,000,000) and  
28 lowering the anticipated revenue for the 2021 fiscal year by two hundred five  
29 million nine hundred thousand dollars (\$205,900,000); and  
30

31 WHEREAS, the COVID-19 public health emergency has also resulted in a  
32 dramatic increase in the number of unemployment claims being filed - the  
33 total number of persons who have filed for unemployment in Arkansas is  
34 roughly one hundred thousand (100,000) and the weekly average of filed claims  
35 has increased from around ten thousand (10,000) to around sixty-six thousand  
36 (66,000), with the weekly average of paid claims increasing from around seven



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

2  
 3 WHEREAS, the consideration and passage of a bill to delay the  
 4 implementation of certain tax cuts until 2022 is necessary to enhance the  
 5 state's ability to maintain essential functions and service for the citizens  
 6 of this state throughout the ongoing public health emergency,

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 8 NOW THEREFORE,

9 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-SECOND GENERAL  
 10 ASSEMBLY OF THE STATE OF ARKANSAS:

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

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

18  
 19 Subtitle  
 20 TO AMEND THE INCOME TAX IMPOSED ON INDIVIDUALS, TRUSTS, AND ESTATES; AND TO  
 21 DECLARE AN EMERGENCY.

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

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

28 (7)(A) For tax years beginning on and after January 1, 2019,  
 29 every resident, individual, trust, or estate having net income greater than  
 30 or equal to twenty-one thousand dollars (\$21,000), but less than or equal to  
 31 seventy-five thousand dollars (\$75,000), shall determine the amount of income  
 32 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>

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

4                   (B) Every For tax years beginning on and after January 1,  
 5 2022, every resident, individual, trust, or estate having net income greater  
 6 than or equal to twenty-two thousand two hundred dollars (\$22,200), but less  
 7 than or equal to seventy-nine thousand three hundred dollars (\$79,300), shall  
 8 determine the amount of income tax due under this subsection in accordance  
 9 with the table set forth below:

10	From	Less Than or Equal To	Rate
11	\$0	\$4,499	0.75%
12	\$4,500	\$8,899	2.5%
13	\$8,900	\$13,399	3.5%
14	\$13,400	\$22,199	4.5%
15	\$22,200	\$37,199	5%
16	\$37,200	\$79,300	5.9%

17                   (8)(A) For tax years beginning on and after January 1, 2019,  
 18 every resident, individual, trust, or estate having net income of less than  
 19 twenty-one thousand dollars (\$21,000) shall determine the amount of income  
 20 tax due under this subsection in accordance with the table set forth below:

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

26                   (B) Every For tax years beginning on and after January 1,  
 27 2022, every resident, individual, trust, or estate having net income of less  
 28 than twenty-two thousand two hundred dollars (\$22,200) shall determine the  
 29 amount of income tax due under this subsection in accordance with the table  
 30 set forth below:

31	From	Less Than or Equal To	Rate
32	\$0	\$4,499	0%
33	\$4,500	\$8,899	2%
34	\$8,900	\$13,399	3%
35	\$13,400	\$22,199	3.4%

36                   (9)(A) For tax years beginning on and after January 1, 2019,

1 every resident, individual, trust, or estate having net income of more than  
 2 seventy-five thousand dollars (\$75,000) shall determine the amount of income  
 3 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>
4 <u>\$0</u>	<u>\$4,299</u>	<u>0.9%</u>
5 <u>\$4,300</u>	<u>\$8,399</u>	<u>2.5%</u>
6 <u>\$8,400</u>	<u>\$12,599</u>	<u>3.5%</u>
7 <u>\$12,600</u>	<u>\$20,999</u>	<u>4.5%</u>
8 <u>\$21,000</u>	<u>\$35,099</u>	<u>6%</u>
9 <u>\$35,100 and above</u>		<u>6.9%</u>

11 (B) For the tax year beginning on and after January 1,  
 12 ~~2020~~ 2022, every resident, individual, trust, or estate having net income of  
 13 more than seventy-nine thousand three hundred dollars (\$79,300) shall  
 14 determine the amount of income tax due under this subsection in accordance  
 15 with the table set forth below:

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

21 ~~(B)~~(C) For tax years beginning on and after January 1,  
 22 ~~2021–2023~~, every resident, individual, trust, or estate having net income of  
 23 more than seventy-nine thousand three hundred dollars (\$79,300) shall  
 24 determine the amount of income tax due under this subsection in accordance  
 25 with the table set forth below:

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

30 (10)(A) For tax years beginning on and after January 1, 2019,  
 31 every resident, individual, trust, or estate having net income of more than  
 32 seventy-five thousand dollars (\$75,000), but not more than eighty thousand  
 33 dollars (\$80,000), shall reduce the amount of income tax due as determined  
 34 under subdivision (a)(9)(A) of this section by deducting a bracket adjustment  
 35 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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1			<u>Amount</u>
2	<u>\$75,001</u>	<u>\$76,000</u>	<u>\$440</u>
3	<u>\$76,001</u>	<u>\$77,000</u>	<u>\$340</u>
4	<u>\$77,001</u>	<u>\$78,000</u>	<u>\$240</u>
5	<u>\$78,001</u>	<u>\$79,000</u>	<u>\$140</u>
6	<u>\$79,001</u>	<u>\$80,000</u>	<u>\$40</u>
7	<u>\$80,001 and above</u>		<u>\$0</u>

8                                    (B) Every For tax years beginning on and after January 1,  
 9 2022, every resident, individual, trust, or estate having net income of more  
 10 than seventy-nine thousand three hundred dollars (\$79,300), but not more than  
 11 eighty-four thousand six hundred dollars (\$84,600), shall reduce the amount  
 12 of income tax due as determined under ~~subdivision (a)(9)~~ subdivisions  
 13 (a)(9)(B) and (C) of this section by deducting a bracket adjustment amount in  
 14 accordance with the table set forth below:

15	From	Less Than or Equal To	Bracket Adjustment
16			Amount
17	\$79,301	\$80,300	\$440
18	\$80,301	\$81,300	\$340
19	\$81,301	\$82,500	\$240
20	\$82,501	\$83,600	\$140
21	\$83,601	\$84,600	\$40
22	\$84,601 and above		\$0

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 24                    SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
 25 General Assembly of the State of Arkansas that both the federal government  
 26 and the State of Arkansas have amended the time for filing federal and state  
 27 income tax returns to July 15 as a result of the COVID-19 pandemic; that  
 28 extending the filing deadline for state income taxes into the next fiscal  
 29 year has created the need to adjust the state budget to account for the  
 30 anticipated reduction in state revenue; and that it is necessary to make  
 31 immediate changes to the income tax imposed on individuals, trusts, and  
 32 estates to avoid a financial crisis in the state and to ensure the state can  
 33 continue providing services while maintaining a balanced budget. Therefore,  
 34 an emergency is declared to exist, and this act being immediately necessary  
 35 for the preservation of the public peace, health, and safety shall become  
 36 effective on:

- 1           (1) The date of its approval by the Governor;
- 2           (2) If the bill is neither approved nor vetoed by the Governor,
- 3 the expiration of the period of time during which the Governor may veto the
- 4 bill; or
- 5           (3) If the bill is vetoed by the Governor and the veto is
- 6 overridden, the date the last house overrides the veto."

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