



93rd General Assembly December 8, 2021

INCOME TAX REDUCTION APPROVAL EXPECTED TOMORROW

The Senate (**SB1**) and House (**HB1001**) passed identical versions of the income tax reduction plan this morning. Both Chamber's Tax Committees are considering the opposite Chamber's version of the bills this afternoon. Barring something unexpected, the House and Senate will vote to adopt the opposite Chamber's version of the bills tomorrow and send them to Governor Hutchinson. The governor called the Special Session to adopt this tax reduction plan.

SB 1 and **HB 1001** make the following changes:

- Lowers the top individual tax bracket
- Reduces the tax tables from three to two by combining the lower and middle income tables
- Amends the rate of the pass-through entity tax to ensure it aligns with the top individual marginal income-tax rates each year as they are reduced
- Provides "cliff adjustments" to smooth the cliff for those taxpayers whose net income is barely above the income threshold that bumps them into the higher table
- Lowers the corporate income tax rates for domestic and foreign corporations, C Corps
- Changes the name of the state's long-term reserve fund to Catastrophic Reserve Fund and makes changes in specific funding
- Indexes the standard deduction to the Consumer Price Index
- Updates the existing income tax exemption for the Coronavirus Food Assistance Program
- Creates a lower income nonrefundable income tax credit

As of January 1, 2022, the top individual income tax rate will be 5.5%. The bills further reduce the top rate as follows:

- January 1, 2023 – 5.3%
- January 1, 2024 – 5.1%*
- January 1, 2025 – 4.9%*

*The reductions in 2024 and 2025 will only occur if no funds are transferred from the Catastrophic Reserve Fund.

The corporate income tax rates will reduce as follows:

- January 1, 2023 – 5.7%
- January 1, 2024 – 5.5%*
- January 1, 2025 – 5.3%*

* The reductions in 2024 and 2025 will only occur if no funds are transferred from the Catastrophic Reserve Fund.

OTHER BILLS PROGRESSING TODAY

Here are the titles of bills on this morning's Senate and House floor calendars:

HB1003 and SB6 – Concerning security personnel employed by the general

assembly; and to declare an emergency.

[HB1004](#) and SB4 – To clarify the applicability of the Uniform Limited Liability Company Act; to confirm and retain the limited liability status and limited liability protection of certain limited liability companies; and to declare an emergency.

[HB1005](#) and SB7 – To repeal the law concerning pharmaceutical discounts for insulin; and to declare an emergency.

[HB1006](#) and SB2 – To amend the law concerning the initial appointments to the tax appeals commission; and to declare an emergency.

[HB1007](#) and SB10 – To amend the income tax credit for waste reduction, reuse, or recycling equipment.

To view schedules, calendars, bill information, and legislator information, visit: www.arkleg.state.ar.us.

Legislative Session Message Center
House of Representatives: 501-682-6211
Senate: 501-682-2902

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Live Streaming from the Capitol

The House and Senate have links to live streaming of their committee meetings and floor session online.

- House: <https://www.arkansashouse.org/>
- Senate: <http://www.arkansas.gov/senate/>

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