

Presentation to the Joint Meeting of the Arkansas House and Senate Revenue and Taxation Committees

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October 5, 2021

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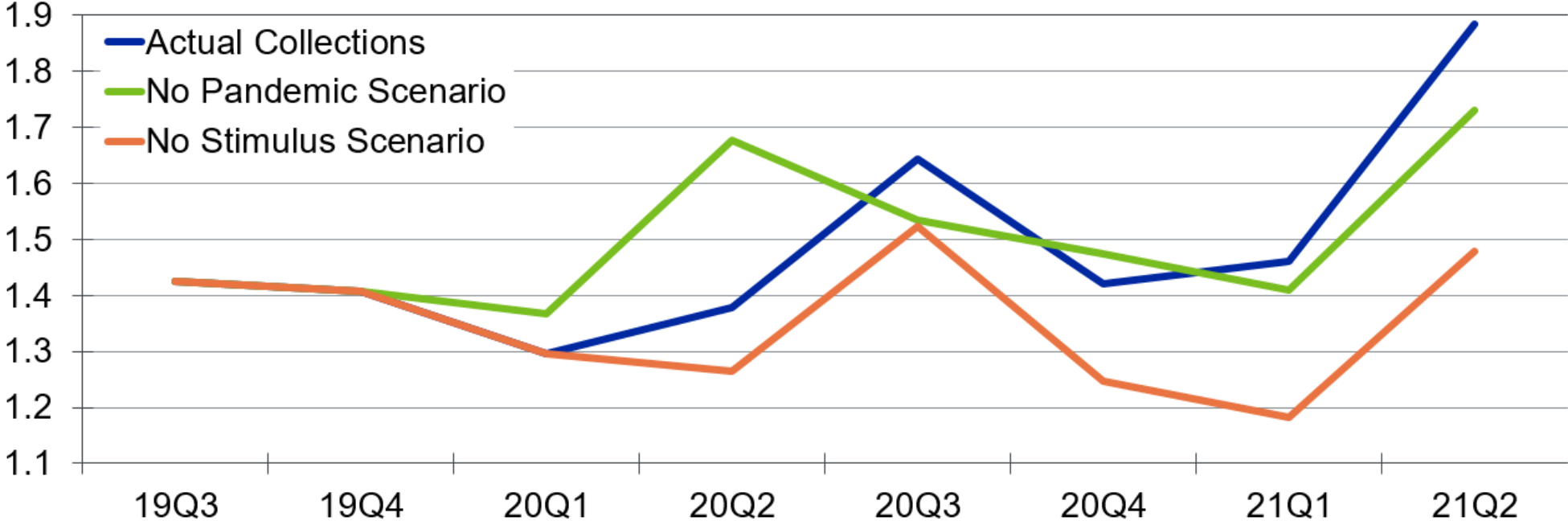
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1

Impact of Federal Stimulus
During and After the
Pandemic

Looking Back

Combined sales and individual income tax collections, \$ bil



\$9.1 Billion

Cumulative sales and personal income tax revenues from January 2020 to June 2021.

-\$1.09 Billion

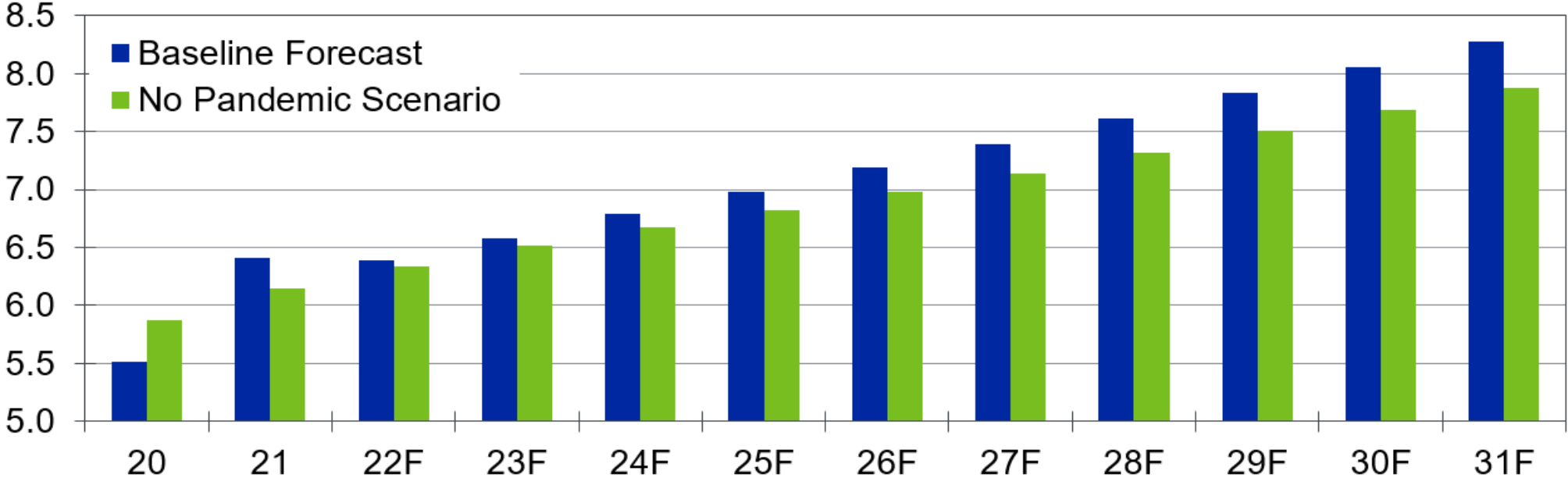
Cumulative loss in sales and personal income tax revenues in the no stimulus scenario relative to actual collections.

\$108 Million

Cumulative gain in sales and personal income tax revenues in the no pandemic scenario relative to actual collections.

Looking Forward

Combined sales and individual income tax collections by fiscal year, \$ bil



\$2.2 Billion

Cumulative additional tax revenue generated over 10 years relative to the non-pandemic scenario.

2

Macroeconomic and Revenue Effects of Proposed Changes to Arkansas's Individual Income Tax

Proposed Low/Mid Table Changes

Brackets and marginal rates for individuals with incomes:


Current						Proposed		
<\$22,900			\$22,900 to \$82,000			<\$82,000		
Min	Max	Marginal Rate	Min	Max	Marginal Rate	Min	Max	Marginal Rate
\$-	\$4,699	0.00%	\$-	\$4,699	0.75%	\$-	\$4,999	0.00%
\$4,700	\$9,199	2.00%	\$4,700	\$9,199	2.50%	\$5,000	\$9,999	2.00%
\$9,200	\$13,899	3.00%	\$9,200	\$13,899	3.50%	\$10,000	\$13,999	3.00%
\$13,900	\$22,899	3.40%	\$13,900	\$22,899	4.50%	\$14,000	\$22,999	3.40%
			\$22,900	\$38,499	5.00%	\$23,000	\$38,999	5.00%
			\$38,500	\$82,000	5.90%	\$39,000	\$81,999	5.50%



Proposed High Table Changes

Brackets and marginal rates for individuals with incomes:

Current >\$82,000			Proposed >\$82,000		
Min	Max	Marginal Rate	Min	Max	Marginal Rate
\$-	\$4,200	2.00%	\$-	\$4,200	2.00%
\$4,201	\$8,300	4.00%	\$4,201	\$8,300	4.00%
\$8,301	\$+	5.90%	\$8,301	\$+	5.50%



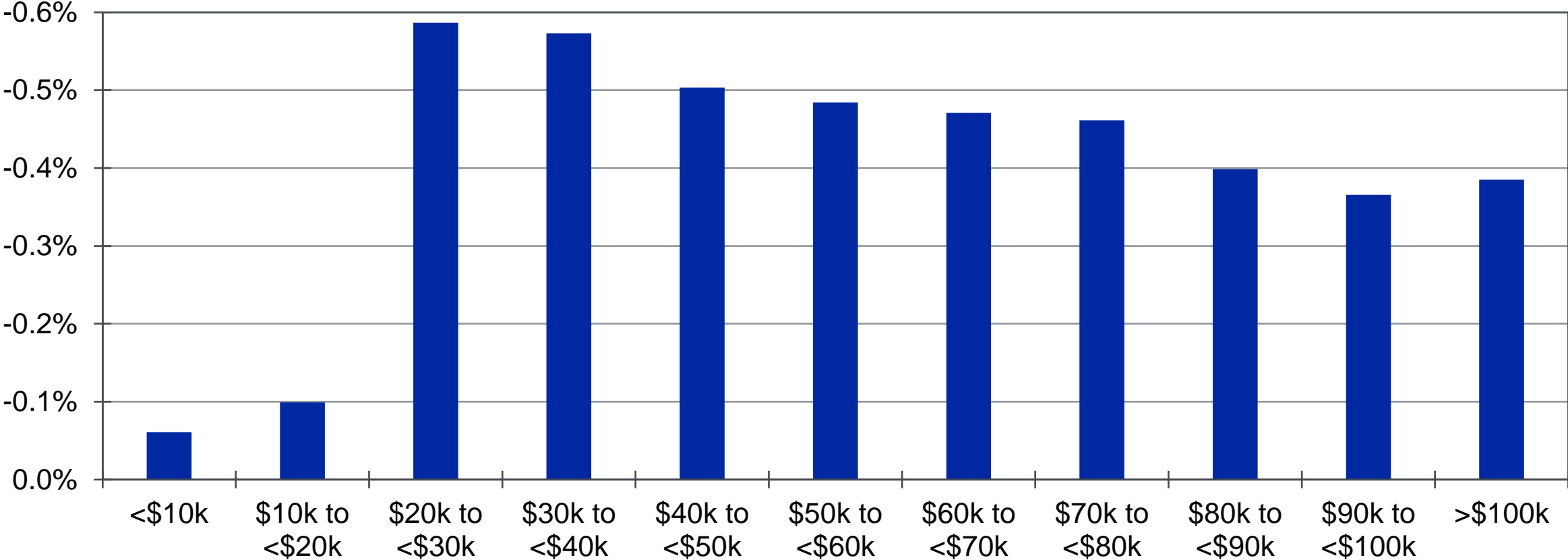
Summary of Economic and Revenue Effects

Difference from current law baseline

	FY22	FY23	FY24	10-yr Total
Static Revenue (mil)				
Low/Mid Income Table	\$ (65.9)	\$ (134.8)	\$ (137.6)	\$ (1,381.6)
High Income Table	\$ (59.7)	\$ (122.2)	\$ (124.7)	\$ (1,251.6)
Total	\$ (125.6)	\$ (257.0)	\$ (262.3)	\$ (2,633.2)
Gross State Product (mil)				
	\$ 45.2	\$ 92.4	\$ 94.3	\$ 946.7

Distributional Impacts

Average annual tax cut as a % of taxable income for individuals making:



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