

## TOP INCOME TAX RATE DROPS JAN. 1, 2021

*"Comprehensive tax reform reflects the idea that the state should raise only revenue needed to support core or essential state functions. Other dollars that would have been utilized to support a more expanded role for government are left in the private sector to spur investment, savings, and consumption, thus stimulating economic growth, jobs, and prosperity." Policy Foundation, 1998*

(December 2020) Arkansas' top marginal income tax rate drops from 6.6% to 5.9% effective January 1, 2021, the latest action to make the state more competitive with states in the Southeast region.

Arkansas Gov. Asa Hutchinson has presided over income tax cuts since assuming office in January 2015. The top marginal rate was 7.0% at the time.

South Carolina	7.0%
West Virginia	6.5%
Louisiana	6.0%
<b>Arkansas</b>	<b>5.9%</b>
Georgia	5.75%
Virginia	5.75%
North Carolina	5.25%
Alabama	5.0%
Kentucky	5.0%
Mississippi	5.0%
Florida	No state income tax
Tennessee	No state income tax

(Source: Federation of State Tax Administrators)

Hutchinson has proposed cutting the top rate from 5.9% to 4.9% in five years.

--Greg Kaza