

## **INCOME TAX CUT WOULD IMPROVE ARKANSAS' COMPETITIVE POSITION**

*"Arkansas would benefit from comprehensive, pro-growth reform; Arkansans are not under-taxed; taxes and rates do matter to entrepreneurs; dynamic scoring of tax changes and effects provides benefits."* Arkansas Policy Foundation Mission Statement

(December 2021) A pending proposal to reduce Arkansas' top income tax rate from 5.9% to 4.9% would improve the state economy's competitive position in the 12-state Southeast region, Federation of Tax Administrators records show.

### **Pre-Tax Cut**

South Carolina	7.00%
West Virginia	6.5%
Louisiana	6.0%
<b>Arkansas</b>	<b>5.9%</b>
Georgia and Virginia	5.75%
North Carolina	5.25%
Alabama, Kentucky and Mississippi	5.0%
Florida and Tennessee	No state income tax

### **Post-Tax Cut**

South Carolina	7.00%
West Virginia	6.5%
Louisiana	6.0%
Georgia and Virginia	5.75%
North Carolina	5.25%
Alabama, Kentucky and Mississippi	5.0%
<b>Arkansas</b>	<b>4.9%</b>
Florida and Tennessee	No state income tax

Arkansas' position would also improve versus border states.

**Pre-Tax Cut**

Louisiana	6.0%
<b>Arkansas</b>	<b>5.9%</b>
Missouri	5.4%
Mississippi and Oklahoma	5.0%
Tennessee and Texas	No state income tax

**Post-Tax Cut**

Louisiana	6.0%
Missouri	5.4%
Mississippi and Oklahoma	5.0%
<b>Arkansas</b>	<b>4.9%</b>
Tennessee and Texas	No state income tax

Arkansas Gov. Asa Hutchinson has announced his intention to call a special legislative session in December to lower state income tax rates.

Tax rates are a factor of economic development, along with a skilled work force, infrastructure, non-arbitrary regulatory environment and other issues that vary from state to state.

-- Greg Kaza

Source: State Individual Income Tax Rates - January 1, 2021 (taxadmin.org)