

1 State of Arkansas  
2 94th General Assembly  
3 Regular Session, 2023  
4  
5 By: Representative Ray  
6 By: Senator J. Dismang  
7

# A Bill

HOUSE BILL 1016

## For An Act To Be Entitled

9 AN ACT TO CREATE THE INFLATION REDUCTION ACT OF 2023;  
10 TO AMEND THE STATE INCOME-TAX LAWS; TO REMOVE THE CAP  
11 ON INCREASES TO THE STANDARD DEDUCTION AND INDIVIDUAL  
12 INCOME-TAX TABLES DUE TO INFLATION; TO TIE INCREASES  
13 OF THE STANDARD DEDUCTION AND INDIVIDUAL INCOME-TAX  
14 TABLES TO A REGIONAL INDEX OF THE CONSUMER PRICE  
15 INDEX; FOR OTHER PURPOSES.

## Subtitle

16  
17  
18  
19 TO CREATE THE INFLATION REDUCTION ACT OF  
20 2023.

21  
22  
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24  
25 SECTION 1. DO NOT CODIFY. TITLE.

26 This act shall be known and may be cited as the "Inflation Reduction  
27 Act of 2023."

28  
29 SECTION 2. Arkansas Code § 26-51-201(d)(2), concerning the method of  
30 annually adjusting the tables that determine the amount of individual income  
31 tax due, is amended to read as follows:

32 (2) For purposes of subdivision (d)(1) of this section, the  
33 cost-of-living adjustment for a calendar year is the percentage, if any, by  
34 which the CPI for the current calendar year exceeds the CPI for the preceding  
35 calendar year, ~~not to exceed three percent (3%)~~. The CPI for any calendar  
36 year is the average of the Consumer Price Index as of the close of the



1 twelve-month period ending on August 31 of such calendar year. “Consumer  
 2 Price Index” means the last Consumer Price Index for ~~All Urban Consumers~~ the  
 3 West South Central Division of the South Region published by the United  
 4 States Department of Labor.

5  
 6 SECTION 3. Arkansas Code § 26-51-430(c), concerning the indexing of  
 7 the standard income tax deduction to inflation, is amended to read as  
 8 follows:

9 (c)(1) The Secretary of the Department of Finance and Administration  
 10 shall increase annually the standard deduction provided under subsection (b)  
 11 of this section by the cost-of-living adjustment for the current calendar  
 12 year, rounding the amount to the nearest ten dollars (\$10.00).

13 (2)(A)(i) For purposes of subdivision (c)(1) of this section,  
 14 the cost-of-living adjustment for a calendar year is the percentage, if any,  
 15 by which the Consumer Price Index for the current calendar year exceeds the  
 16 Consumer Price Index for the preceding calendar year, ~~not to exceed three~~  
 17 ~~percent (3%)~~.

18 (ii) If the Consumer Price Index for the current  
 19 calendar year does not exceed the Consumer Price Index for the preceding  
 20 calendar year, the standard deduction shall not be adjusted under this  
 21 subsection for that year.

22 (B) The Consumer Price Index for a calendar year is the  
 23 average of the Consumer Price Index as of the close of the twelve-month  
 24 period ending on August 31 of that calendar year.

25 (C) As used in this subsection, “Consumer Price Index”  
 26 means the most recent Consumer Price Index for ~~All Urban Consumers~~ the West  
 27 South Central Division of the South Region published by the United States  
 28 Department of Labor.

29  
 30 SECTION 4. EFFECTIVE DATE. Section 1 of this act is effective for tax  
 31 years beginning on or after January 1, 2023.