

January 26, 2021

To: Members of the Arkansas House of Representatives
From: Americans for Tax Reform

Re: Support House Bill 1191

Dear Representative,

On behalf of Americans for Tax Reform (ATR) and our supporters across Arkansas, **I thank you for your public service in these challenging times** and encourage you to use the 2021 legislative session to enact policies that would help households and employers recover from the pandemic-driven downturn.

Reducing, and ultimately, phasing out the state income tax would be a great way to provide much-needed relief to individuals, families, and small businesses across the Natural State while also attracting new investment, jobs, and opportunities.

Under the status quo, **Arkansas's top income tax rate of 5.9 percent – the part of the income tax that is most often used to make decisions about investment – is not very competitive.** Nine states – including neighbors Tennessee and Texas – do not tax wage income and twenty-one more states – including neighbors Illinois, Kansas, Kentucky, Mississippi, Missouri, and Oklahoma – have top marginal individual income tax rates that are lower than Arkansas's.

As more and more people and jobs continue to move into no income tax states, **more and more states are looking to phase out their income taxes.** Unless Arkansas gets proactive, it will soon be a less attractive place to live, invest, and do business.

As such, lawmakers should prioritize putting the income tax on the path to zero. **This pro-growth tax relief would promote a strong and speedy economic recovery by allowing individual taxpayers and families to keep more of their hard-earned paychecks. It would also allow small business, which file their taxes under the individual code, to invest more resources in jobs and wages.**

In addition, reducing and phasing out the income tax would enable Arkansas to better compete with the likes of Tennessee, Florida, and Texas for businesses that are looking to expand, investors who are looking for opportunities in growing economies, and families who are looking for greater prosperity. **This would ultimately be a win for current Arkansas residents as, in addition to allowing everyone to keep more of their hard-earned income, new businesses and investment would bring new jobs and higher wages to the state.**

Another great way to provide income tax relief to the hardworking people of Arkansas is through House Bill 1191, legislation that would double the standard deduction from \$2,200 to \$4,400 for individual filers and from \$4,400 to \$8,800 for married couples. If enacted, this bill would be a huge win for Arkansans, as it would allow them to keep more of their paycheck at a time when they need it most.

As you and your colleagues contend with a myriad of important issues this year, ATR urges lawmakers to use the 2021 legislative session to provide much-needed income tax relief to the people of Arkansas.

Sincerely,

Grover Norquist
President
Americans for Tax Reform

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