



Newsletter From Rep. Shad Pearce

District 40

May 8, 2026

Tax Cuts Passed in Special Session

The Arkansas House convened in special session this week to consider legislation related to income tax reductions. Members returned to the Capitol on Monday and adjourned on Wednesday after passing identical measures, House Bill 1001 and Senate Bill 1, outlining changes to the state's income tax rates.

The legislation lowers the top individual income tax rate to 3.7% beginning January 1, 2026, and reduces the top corporate income tax rate to 4.1% beginning January 1, 2027. Governor Sarah Huckabee Sanders signed both measures into law on Wednesday.

House Bill 1001 by Rep. Les Eaves of Searcy is now Act 1, and Senate Bill 1 by Sen. Jonathan Dismang of Searcy is now Act 2. According to bill sponsors, approximately 1.1 million individual income taxpayers with net taxable income of \$26,400 and above are expected to benefit under the new law. It is estimated that the measure will reduce state general revenue by approximately \$191.8 million in fiscal year 2027 and \$144.8 million in fiscal year 2028.

Arkansas has enacted a series of gradual income tax reductions over the past decade. In 2013, the state's top individual income tax rate was 7%. Since then, the General Assembly has approved several rounds of rate reductions through both regular and special sessions.

The latest General Revenue Report shows Net Available General Revenues totaled \$5.87 billion, which is \$404.7 million, or 7.4%, above the same point last year. After ten months in the fiscal year, revenues are currently above forecast by \$226.1 million, or 4%.

Following adjournment of the special session, the House convened in caucus and approved HR1001, authorizing the use of the House Chamber for the Arkansas Civic Leadership Institute. Announced by members of the Arkansas House and Senate, the Institute was created to provide leadership and civic engagement opportunities for students who were recently denied admission to Arkansas Girls State due to administrative errors. The Arkansas Civic Leadership Institute Day at the Capitol is scheduled for May 26, 2026.

