



Arkansas

#36

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
36	15	39	44	19	11

Arkansas ranks poorly on the *Index* despite multiple rounds of income tax rate reductions since 2015 and a resulting low top marginal individual income tax rate, due to a range of structural shortcomings in the state's tax code. For instance, Arkansas only allows corporations' net operating losses (NOLs) to be carried forward for 8 years, while most states either allow 20-year or uncapped carryforward periods. The state stands alone in having two different income tax rate schedules depending on taxpayer income.

Arkansas also has the third-highest combined state and local sales tax rate in the nation at 9.46 percent. The state also imposes a tax on capital stock, at 0.3 percent of the apportioned net worth of corporations. Such taxes are increasingly rare, and Arkansas's tax rate is the highest in the nation. The state also assesses property tax on businesses' inventory, making the state even more of an outlier. Both taxes are assessed whether the firm makes a profit or loss in a particular tax year, which is harmful to small businesses seeking to scale up their operations, capital-intensive firms, and all firms during an economic decline.