

Department of Finance and Administration

Legislative Impact Statement

Bill: SB545

Bill Subtitle: TO ESTABLISH A GRANT PROGRAM FOR LAW ENFORCEMENT AGENCIES DESIGNED TO ENCOURAGE TRAINING IN AND AWARENESS OF FEDERAL IMMIGRATION ENFORCEMENT; AND TO CREATE THE IMMIGRATION ENFORCEMENT TRAINING GRANT PROGRAM FUND.

Basic Change :

Sponsor: Sen. T. Garner

SB545 creates the Immigration Enforcement Training Grant Program (the "Program"), which provides grants to law enforcement agencies to acquire training and equipment to further awareness of federal immigration laws and enforcement. The Program will be administered by the Secretary of the Department of Public Safety. SB545 also creates a Immigration Enforcement Training Grant Program Fund.

In order to fund the Program, SB545 levies a new tax on electronic money transfers of five dollars (\$5.00) per transfer and an additional one percent (1%) of the amount of a transfer that exceeds five hundred dollars (\$500.00). Businesses that conduct electronic money transfers shall collect the tax from the customer and remit the tax collected to the Department of Finance and Administration. Funds generated from the tax are special revenues and must be distributed as follows:

- One-third deposited into the Immigration Enforcement Training Grant Program Fund;
- One-third deposited into the Division of Arkansas State Police Fund; and
- One-third deposited into the Law Enforcement Training Fund.

The bill provides a definition of "electronic money transfer" to mean a service provided by a business for a fee to:

- Receive an Arkansas customer's order to transfer cash or electronic funds to a third person;
- Accept the customer's cash payment or electronic funds for the transfer; and
- Transfer the customer's cash or electronic funds, less any fees, to a third person, regardless of their location, and allow the third person to collect the money in person or electronically.

As defined by SB545, an "electronic money transfer" does not include transfers of money by an entity whose deposits are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

The bill would become effective on the first day of the second calendar month following the effective date of the act, which is anticipated to be September 1, 2021, for purposes of the Revenue Impact below.

Revenue Impact :

FY2022

(Estimated Effective Date 9/01/21 – 9 months of collection of the new tax)

Total Approximate Gain on Electronic Money Transfer Tax	\$ 630,584.00
---	----------------------

Department of Finance and Administration

Legislative Impact Statement

Bill: SB545

Bill Subtitle: TO ESTABLISH A GRANT PROGRAM FOR LAW ENFORCEMENT AGENCIES DESIGNED TO ENCOURAGE TRAINING IN AND AWARENESS OF FEDERAL IMMIGRATION ENFORCEMENT; AND TO CREATE THE IMMIGRATION ENFORCEMENT TRAINING GRANT PROGRAM FUND.

+581,720.00 (\$5 charge per electronic money transfer)
+ 48,864.00 (1% of the amount that exceeds \$500)

FY2023

Total Approximate Gain on Electronic Money Transfer Tax **\$ 840,779.00**
+775,627.00 (\$5 charge per electronic money transfer)
+ 65,152.00 (1% of the amount that exceeds \$500)

[Impact above based on assumption 1% fee to be applied on portion above \$500]

FY2022

(Estimated Effective Date 9/01/21 – 9 months of collection of the new tax)

Total Approximate Gain on Electronic Money Transfer Tax **\$ 921,441.00**
+581,720.00 (\$5 charge per electronic money transfer)
+339,721.00 (1% of the amount that exceeds \$500)

FY2023

Total Approximate Gain on Electronic Money Transfer Tax **\$ 1,228,589.00**
+775,627.00 (\$5 charge per electronic money transfer)
+452,962.00 (1% of the amount that exceeds \$500)

[Impact above based on assumption 1% fee to be applied all transfers over \$500]

[SB545 levies a new tax of \$5.00 per electronic money transfer and 1% of the amount of an electronic money transfer that exceeds \$500. It is unclear whether the 1% tax applies to the full amount of any electronic money transfer that exceeds \$500 or only the portion of a money transfer that exceeds \$500. That is, the first \$500 would not be subject to the 1% tax. An amendment to the bill to clarify this issue is recommended.

Source of data: U.S. Census Bureau, August 2008 CPS Migration Supplement, weighted data.]

Taxpayer Impact :

Taxpayers that utilize electronic money transfers as provided in SB545 would be subject to a new tax.

Resources Required :

Programming a new tax type in the Arkansas Integrated Revenue System would be required. The Miscellaneous Tax Section of the Department of Finance and Administration (DFA) would require additional staff for the administration of the revenue generated by the implementation of the Immigration Enforcement Training Grant Fund that would include two Fiscal Support Analysts -

Department of Finance and Administration

Legislative Impact Statement

Bill: SB545

Bill Subtitle: TO ESTABLISH A GRANT PROGRAM FOR LAW ENFORCEMENT AGENCIES DESIGNED TO ENCOURAGE TRAINING IN AND AWARENESS OF FEDERAL IMMIGRATION ENFORCEMENT; AND TO CREATE THE IMMIGRATION ENFORCEMENT TRAINING GRANT PROGRAM FUND.

\$100,000 per year.

Time Required :

A minimum of six months will be required for the programming and implementation of a new tax in the Arkansas Integrated Revenue System (AIRS).

Procedural Changes :

Rules for the administration of the Immigration Enforcement Training Grant Program will have to be promulgated by both the Department of Public Safety and the Department of Finance and Administration.

Other Comments :

None.

Legal Analysis :

None.