

Department of Finance and Administration

Legislative Impact Statement

Bill: SB1

Amendment Number: S1

Bill Subtitle: TO AMEND THE STATE INCOME TAX; TO CHANGE THE NAME AND FUNDING OF THE LONG TERM RESERVE FUND; AND TO DECLARE AN EMERGENCY.

Basic Change :

Amendment Sponsor: Sen. Rapert

Senate Amendment No. 1 --- SB1-S1 adds an additional section to SB1 to provide a \$3,000 refundable income tax credit for a "full-time law enforcement officer." SB1-S1 defines a "full-time law enforcement officer" as a law enforcement officer who:

- Is employed by and receives a salary authorized by a law enforcement agency;
- Has the statutory authority to enforce the criminal, traffic, or highway laws of the state or of the federal government; and
- Has worked for a law enforcement agency for at least 25 hours per week for at least eleven months of the calendar year for which the tax credit is being claimed.

SB1-S1 defines a "law enforcement agency" as:

- A municipal police department;
- A county sheriff's office;
- A law enforcement entity of the State of Arkansas, including without limitation: the Division of Arkansas State Police, the Arkansas Highway Police Division of the Arkansas Department of Transportation, the State Capitol Police, and a police department that is part of a public college or university;
- An airport authority; or
- A federal law enforcement entity.

A full-time law enforcement officer must verify their eligibility for the credit by obtaining written verification of their employment status from the law enforcement agency wherein the officer is employed. SB1-S1 requires the Department of Finance and Administration (DFA) to approve the form to be used to verify eligibility for the credit.

Revenue Impact :

Senate Amendment No. 1 Only:

FY2023 - \$25.2 million reduction in General Revenue

SB1 as Originally Filed in Addition to Senate Amendment No.1:

FY2022 - \$135,250,000 General Revenue Reduction

FY2023 - \$332,600,000 General Revenue Reduction

FY2024 - \$408,400,000 General Revenue Reduction

FY2025 - \$484,200,000 General Revenue Reduction

FY2026 - \$523,100,000 General Revenue Reduction

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Taxpayer Impact :

Senate Amendment No. 1 --- Under SB1-S1, an eligible full-time law enforcement officer would be allowed an income tax credit to reduce state income tax liability.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Department employees will need to be educated as well as the tax community.

Other Comments :

None.

Legal Analysis :

None.