



**State of Arkansas  
Department of Finance and Administration  
Fiscal Impact Statement**

**Bill: HB1501**

**Bill Subtitle: TO ADOPT FEDERAL INCOME TAX LAW REGARDING DEPRECIATION AND THE EXPENSING OF PROPERTY; AND TO INCREASE THE AMOUNT ALLOWED FOR THE EXPENSING OF CERTAIN DEPRECIABLE BUSINESS ASSETS TO THE AMOUNT ALLOWED UNDER FEDERAL LAW.**

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**Sponsors:**

**Rep. Beaty and Sen. Gilmore**

**Basic Change:**

HB1501 amends § 26-51-428 to adopt the bonus depreciation provisions of federal income tax law in 26 U.S.C. § 168(k) as in effect on January 1, 2024. The bonus depreciation provisions of §168(k) allow additional first-year depreciation for certain types of qualifying property when computing income tax liability. Bonus depreciation results in a larger depreciation deduction for qualifying property in the year the property is placed into service.

HB1501 is effective for tax years beginning on or after January 1, 2025.

**Fiscal Impact:**

**FY2026** - \$104M General Revenue Reduction

**FY2027** - \$35M General Revenue Reduction

**FY2028** and after - \$0 General Revenue Impact.

[ Fiscal impact estimate is based on federal projections for bonus depreciation from Return Line-Item Estimates from Federal Statistics of Information for Corporations and Partnerships. ]

**Taxpayer Impact:**

A taxpayer would be able to take additional bonus depreciation by expensing of business assets in the same manner that is currently allowed for federal tax purposes.

**Resources Required:**

Computer programs, tax forms, and instructions will need to be updated. AIRS programming costs are estimated at \$10,000.

**Time Required:**

Adequate time is provided for implementation.

**Procedural Changes:**

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



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**Other Comments:**

None.

**Legal Analysis:**

None.