



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

Bill: SB57

Bill Subtitle: TO AMEND THE INCOME TAX CREDIT FOR CERTAIN INDIVIDUAL POLITICAL CONTRIBUTIONS; AND TO AMEND A PORTION OF THE ARKANSAS CODE THAT RESULTED FROM INITIATED ACT 1 OF 1996.

Sponsors:

Sen. Tucker

Basic Change:

SB57 increases the tax credit a taxpayer may claim for certain political contributions. Under current law, a taxpayer is allowed a credit against their individual income tax liability for a monetary contribution made to:

- A candidate seeking nomination or election to an eligible public office at an election or to the candidate's campaign committee;
- An approved political action committee; or
- An organized political party.

SB57 increases the credit from \$50 to \$100 for an individual taxpayer and from \$100 to \$200 for taxpayers filing jointly.

SB57 is effective for tax years beginning on or after January 1, 2025.

Fiscal Impact:

FY2026 - \$900,000 General Revenue Reduction

[12,768 returns filed for the 2022 tax year claimed \$912,865 in state political contribution credits.]

Taxpayer Impact:

An individual income taxpayer making eligible political contributions will be able to claim a credit of \$100 for single taxpayers and \$200 for married taxpayers filing joint returns.

Resources Required:

Computer programs, tax forms, and instructions will need to be updated. The cost estimate of the Arkansas Integrated Revenue System (AIRS) to program system changes is \$4,000 with no annual maintenance cost.

Time Required:

Adequate time is provided for implementation.



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Procedural Changes:

Department employees will require training and the tax community will need to be educated. Income Tax Rules will need to be updated.

Other Comments:

None.

Legal Analysis:

None.