

Department of Finance and Administration

Legislative Impact Statement

Bill: SB9

Bill Subtitle: TO CREATE AN INCOME TAX CREDIT FOR CERTAIN FULL-TIME LAW ENFORCEMENT OFFICERS.

Basic Change :

Sponsors: Sens. Rapert, Hester, M. Johnson, B. Ballinger, K. Hammer, T. Garner, A. Clark, G. Stubblefield, and D. Wallace

Reps. Slape, Crawford, Cozart, Tosh, L. Johnson, Richardson, Bentley, Rye, Watson, McNair, L. Fite, Gazaway, Wing, M. Berry, Haak, Pilkington, Wardlaw, Boyd, Evans, Christiansen, McCollum, S. Smith, Milligan, Lundstrum, Hawks, Breaux, Vaught, S. Berry, McClure, Lowery, Speaks, Cloud, Coleman, C. Cooper, Wooten, and McGrew

SB9 provides a \$3,000 refundable income tax credit for a "full-time law enforcement officer." SB9 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.

SB9 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. SB9 requires the Department of Finance and Administration (DFA) to approve the form to be used to verify eligibility for the credit.

SB9 is effective for tax years beginning on and after January 1, 2022.

Revenue Impact :

FY2023 - \$25.2 million reduction in General Revenue

Taxpayer Impact :

An eligible full-time law enforcement officer would be allowed an income tax credit to reduce state income tax liability.

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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.