

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1513

Amendment Number: H1

Bill Subtitle: TO CREATE AN INCOME TAX CREDIT FOR RETIRED LAW ENFORCEMENT OFFICERS WHO WORK COLD CASES FOR THE DIVISION OF ARKANSAS STATE POLICE.

Basic Change :

Sponsors: Rep. Eubanks and Sen. J. Dismang

House Amendment No. 1 --- HB1513-H1 (engrossed 3/11/2021) requires that a taxpayer work at least 1,000 investigating one or more cold cases to be eligible to receive the full tax credit. A taxpayer who works less than 1,000 hours working on one or more cold cases may claim a pro rata share of the credit based on hours worked during the tax year. The amendment also reduces the maximum income tax credit available per taxpayer to \$3,500.

The amendment also provides that an individual who works on behalf of the Division of Arkansas State Police as a volunteer to investigate one or more cold cases may be eligible for the tax credit as well as a temporary or full-time employee of the Division of Arkansas State Police (ASP).

Original Bill --- HB1513 provides a \$5,000 income tax credit for retired law enforcement officers investigating cold cases on behalf of the Division of Arkansas State Police (ASP). To be eligible for the credit, the retired law enforcement officer must apply to the division for an eligibility certificate to be attached to the officer's income tax return.

The credit is limited to the income tax due by the retired officer. Any unused credit can be carried forward for two years. ASP is limited to issuing a total of \$25,000 in credits for all retired officers in each fiscal year on a first-come, first-served basis.

HB1513 is effective for tax years beginning on and after January 1, 2022

Revenue Impact :

FY2023 - \$25,000 reduction in General Revenue

Taxpayer Impact :

An eligible retired law enforcement officer would be allowed a non-refundable income tax credit to reduce state income tax liability. Unused credits may be carried forward for two consecutive tax years.

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.

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Other Comments :

None.

Legal Analysis :

Original Bill --- HB1513 provides a non-refundable income tax credit for retired law enforcement officers who work on behalf of ASP to investigate one or more cold cases. The bill creates a credit against an eligible taxpayer's individual income tax liability in the amount of \$5,000. A taxpayer may carry forward any unused portion of the credit for two consecutive tax years following the tax year in which the taxpayer earned the credit.

To qualify for the credit, the taxpayer must be a retired law enforcement officer and must apply to ASP for an eligibility certificate which the taxpayer must attach to his or her income tax return.

The bill directs ASP to issue eligibility certificates for the tax credit only up to a total of \$25,000 for each fiscal year on a first-come, first-served basis and maintain an ongoing record of the eligibility certificates that it issues to eligible taxpayers. The bill directs the Director of ASP to consult with the Department of Finance and Administration to promulgate rules to implement the tax credit.

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