

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1489

Bill Subtitle: TO AMEND THE ARKANSAS ACADEMIC CHALLENGE SCHOLARSHIP PROGRAM, PART 2, TO REQUIRE REPAYMENT OF A SCHOLARSHIP AWARD BY A RECIPIENT WHO DOES NOT COMPLETE A COURSE OF STUDY.

Basic Change :

Representative Hammer

The bill amends the Arkansas Academic Challenge, Part 2 scholarships awarded to nontraditional students and requires repayment of the scholarship if the recipient does not fulfill certain requirements. The bill also allows a setoff against state income tax refunds for the repayment of the scholarship as determined under the program. The bill requires the Department of Higher Education to comply with the setoff provisions under ACA Section 26-36-301 et seq. for the collection of the debt through a setoff.

Revenue Impact :

Revenue neutral.

Taxpayer Impact :

Taxpayers who owe the Department of Higher Education for repayment of scholarship awards received under Arkansas Academic Challenge, Part 2 would have their income tax refunds setoff by the debt until the debt is paid off.

Resources Required :

Update computer programs.

Time Required :

Adequate time is provided.

Procedural Changes :

Employees will need to be trained about the new offset program.

Other Comments :

The Department of Higher Education is currently a claimant agency under the set-off program (ACA Section 26-36-306.)

Legal Analysis :

HB1489 amends Arkansas law related to the Arkansas Academic Challenge Scholarship Program - Part 2, which is funded by proceeds from the state lottery. Specifically, the bill adds provisions to the law concerning the actions that may be taken by the Arkansas Department of Higher Education to obtain repayment of scholarship money if the recipient does not comply with the terms of the scholarship. The part of this bill that is relevant to the Department of Finance and Administration is that repayment amounts are subject to setoff of the recipient's state income tax refund under the provisions of Ark. Code Ann. § 26-36-301 et seq. Since the Department of Higher Education is a named claimant agency under the setoff statutes [Ark. Code Ann. § 26-36-303(1)(A)(iv)], the setoff related to scholarship repayment under the bill would be authorized by current law as long as the Department of Higher Education otherwise complies with the setoff statutes.