

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1832**                      **As Engrossed: 3/21/2013**  
**Bill Subtitle: THE NEW MARKETS JOBS ACT OF 2013.**

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### **Basic Change :**

Rep. Williams,

HB1832 provide for the Arkansas Economic Development Commission to issue insurance premium tax credits to certain entities making investments to be used to develop Arkansas business. An investor may receive a tax credit totaling 58% of their total investment and total tax credits of \$166M may be issued by AEDC.

The H3/21/13 engrossment of HB1832 continues to require that DFA issue letter rulings concerning the premium tax credit program established by the bill regardless of the fact that insurance premium taxes are administered by the Insurance Department and not by DFA.

The engrossment also amends the definition of "qualified active low-income community business" to exclude a business entity that is the beneficiary of a job-creation tax credit under Ark. Code Ann. § 15-4-2705 or a beneficiary of an investment tax incentive under Ark. Code Ann. § 15-4-2706 (b) and (c)(2). Also excluded is any industry excluded under a rule of the Arkansas Economic Development Commission (AEDC). The engrossment also amends the provision concerning decertification of a qualifying entity.

The engrossment modifies the provision concerning the duty of a qualified community development entity (QCDE) issuing qualified equity investments to report to AEDC, most specifically adding a requirement that the QCDE provide a revenue impact assessment prepared by "a nationally recognized third-party independent economic forecasting firm" demonstrating that the investment will have a revenue positive impact on the state over 10 years against the aggregate tax credit utilization over the same 10-year period.

### **Revenue Impact :**

FY14 - \$0

FY15 - \$0

FY16 - \$19.92 million

FY17 - \$19.92 million

FY18 - \$19.92 million

FY19 - \$18.26 million

FY20 - \$18.26 million

[Revenue Impact based on maximum available credit amounts established by the bill]

### **Taxpayer Impact :**

Taxpayers making qualifying investments can qualify for an insurance premium tax credit.

### **Legal Analysis :**

DFA does not administer the insurance premium tax and it is unclear why DFA is to issue binding legal opinions regarding this tax credit.