

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SJR4**

**Bill Subtitle: THE TAXPAYERS' PROTECTION AMENDMENT.**

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**Basic Change :**

Senator Rapert

The proposed amendment prohibits the General Assembly from enacting a law to levy a new tax or to increase the rate of any existing tax unless approved by a three-fourths ( $\frac{3}{4}$ ) affirmative vote of the membership of each house of the General Assembly. A majority vote of each chamber of the General Assembly would be required to decrease the rate of a tax or to either provide or remove an exemption, credit, exclusion, or deduction. If adopted by the electorate of the State, the Amendment would be effective on January 1, 2015.

**Revenue Impact :**

No Impact on existing state revenues

**Taxpayer Impact :**

The General Assembly would be unable to enact new tax levies unless more than 74% of both the elected Representatives and Senators agreed that action was in the best interest of the state.

**Resources Required :**

None

**Time Required :**

None

**Procedural Changes :**

None

**Other Comments :**

None

**Legal Analysis :**

SJR4 proposes to amend the Arkansas Constitution to require a three-fourths vote of both houses of the General Assembly to levy taxes or increase the rate of any tax. The amendment would further require a majority vote of both houses of the General Assembly to decrease a tax rate or provide tax exemptions, credits, exclusions or deductions. The General Assembly could remove a tax exemption, credit, exclusion, or deduction upon the affirmative vote of a majority of both houses of the General Assembly. The amendment would become effective January 1, 2015.

This amendment would require a supermajority ( $\frac{3}{4}$ ) vote on all tax increases and a simple majority for decreases and incentive-type tax cuts. The Arkansas Constitution currently requires a supermajority ( $\frac{3}{4}$ ) for increases in the rates for property, excise, privilege or personal taxes that were in effect at the time Amendment 19 was enacted. See Const. Ark., Art. 5, § 38. Taxes enacted after the adoption of Amendment 19 may currently be increased by a majority vote of both houses of the General Assembly. Tax exemptions, credits, exclusions and deductions may currently be enacted by a majority vote.