

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1423

**Bill Subtitle: TO ALLOCATE A PORTION OF PUNITIVE DAMAGES AWARDS TO THE STATE;
AND TO CREATE THE TAX RELIEF FUND.**

Basic Change : Sponsor: Rep. Bell

HB1423 creates two new code Arkansas Code sections, § 16-65-123 and § 19-5-1255. § 16-65-123 would provide that upon a jury's award of punitive damages, the trial court will enter judgment in the state's favor for 90% of the amount of punitive damages award and 10% to the injured party. § 19-5-1255 would create the "Tax Relief Fund" account with the State Treasury wherein the state's 90% share of punitive damage awards would be deposited. Once deposited in the account, the deposited funds are to be "used by the Treasurer of State as directed by the General Assembly, to be deposited into general revenues to offset the cost of tax relief measures, fee reductions, and tax refunds."

Revenue Impact :

Unknown

Taxpayer Impact :

Taxpayers involved in litigation would receive 10% of any punitive damages awarded in that litigation.

Resources Required :

None

Time Required :

Adequate time provided.

Procedural Changes :

None

Legal Analysis :

Any award of punitive damages would be split between the prevailing party and the state with the state's portion to be used to provide tax reductions. The bill will be effective 90 days after adjournment.