

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1794

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

Basic Change : Sponsor: Representative Gossage

HB1794 will create a non-refundable income tax credit up to \$2,000 for taxpayers who work on cold cases on behalf of the Department of Arkansas State Police. Any unused credit may be carried forward for 2 consecutive tax years after the credit is earned. To be eligible to claim the credit a taxpayer must be a retired law enforcement officer and apply to the Department of Arkansas State Police for an eligibility certificate. The certificate must be attached to the taxpayers return for the tax year in which the tax credit is claimed.

The Department of Arkansas State Police shall maintain an ongoing record of the certificates awarded. The credit is limited to \$80,000 per fiscal year and certificates will be awarded on a first-come, first-served basis. This act is effective for tax years beginning on or after January 1, 2015.

Revenue Impact :

FY2016 and after of \$80,000 per year reduction to General Revenue

Taxpayer Impact :

Retired law enforcement officers who work on cold cases on behalf of the Department of Arkansas State Police will be eligible for an income tax credit up to \$2,000. The credit may be carried forward for 2 consecutive years following the tax year in which it was earned.

Resources Required :

The Department of AR State Police must create eligibility certificates and maintain records. Update computer programs, tax forms, and instructions.

Time Required :

Adequate time is provided.

Procedural Changes :

Tax forms, instruction booklets, and computer programs will need to be updated. Employees will need to be educated as well as the tax community. AR State Police Director must consult with DFA Director and promulgate rules.

Legal Analysis :

HB1794 provides an income tax credit of up to \$2,000 for retired law enforcement officers who investigate one or more cold cases for the State Police. The amount of the tax credit cannot exceed the income tax owed by the taxpayer. Unused portions of the credit may be carried forward for two consecutive years following the tax year in which the credit was earned. The proposed tax credit is awarded on a first-come, first-serve basis. Specifically, the ASP will be able to issue eligibility certificates for the proposed tax credit only up to \$80,000 for all taxpayers in each fiscal year on a first-come, first-served basis.