

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1874

Bill Subtitle: TO ALLOW CONTRIBUTIONS BY A TAXPAYER TO A TAX-DEFERRED TUITION SAVINGS PROGRAM ESTABLISHED IN ANOTHER STATE TO BE DEDUCTED FROM AN ARKANSAS TAXPAYER'S INCOME TAX.

Basic Change :

Sponsor: Representative Lundstrum

HB1874 amends § 6-84-111 to add tax deferred tuition savings programs established by another state to be eligible for contributions to be deducted from a taxpayer's adjusted gross income. The bill also provides that a taxpayer cannot claim the deduction if claimed on another state's income taxes.

Revenue Impact :

Undetermined whether the amount of credits redeemed will increase due to a taxpayer's ability to now use a program established by another state.

Taxpayer Impact :

Allows out of state tax-deferred programs to solicit Arkansas contributions.

Resources Required :

Changes to the tax forms and instructions are needed.

Time Required :

Adequate time is provided to implement this bill.

Procedural Changes :

None.

Other Comments :

Encourages out of state savings programs to solicit donations from Arkansas filers. Prior legislation placed emphasis on Arkansas based programs.

Legal Analysis :

HB1874 concerning exemptions to a taxpayer's adjusted gross income for contributions to tuition savings accounts established under § 6-84-111 is amended to allow taxpayers to deduct contributions made, for tax years on or after January 2017, to tax-deferred tuition savings programs established in another state provided the taxpayer took no tax deduction for the contribution in another state or on another state's income taxes.