

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1360

Bill Subtitle: TO ESTABLISH THE LAW ENFORCEMENT FAMILY RELIEF CHECK-OFF PROGRAM; AND TO ESTABLISH THE LAW ENFORCEMENT FAMILY RELIEF TRUST FUND.

Basic Change :

**Sponsors: Rep. M. Berry, Bentley, Slape, Wardlaw, Watson
Sen. Irvin**

HB1360 creates the Law Enforcement Family Relief Trust Fund (the "Fund") for exclusive use by the Secretary of the Department of Public Safety. The Fund would provide financial assistance to the family of an Arkansas certified law enforcement officer who is killed in the line of duty or diagnosed with a terminal illness.

HB1360 adds the Law Enforcement Family Relief Check-Off Program as an income tax refund and contribution check-off program. Corporate and individual taxpayers may contribute a portion of their income tax refund to the program or they can make contributions payable to the program when filing tax-due income tax returns and remitting the tax due thereon. The Secretary of the Department of Public Safety can also accept gifts, grants, bequests, devises, donations, and any other authorized revenues to fund the program. Contributions made to the program through income tax refunds or through payments submitted with filed tax returns must be certified quarterly to the Treasurer of the State for credit to the Fund. The Treasurer will then deduct the contributions from the Individual Income Tax and Corporate Income Tax Withholding Funds for deposit into the Fund.

HB1360 is effective for tax years beginning on and after January 1, 2022.

Revenue Impact :

None.

Taxpayer Impact :

A taxpayer will be allowed to contribute part or all their Arkansas income tax refund to the Law Enforcement Family Relief Trust Fund.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Department employees will need to be educated as well as the tax community.

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Other Comments :

None.

Legal Analysis :

HB1360 creates a check-off program for contributions to a newly-created Law Enforcement Family Relief Trust Fund. The Secretary of the Department of Finance and Administration (DFA) would be required to include on all individual and corporate income tax forms a check-off designation allowing taxpayers and corporate entities the option of contributing part of their state income tax refund to the Law Enforcement Family Relief Check-Off Program or by making a donation by enclosing an additional check for a specified amount and including the check with the payment of their state income tax.

The funds are to be used exclusively by the Secretary of the Department of Public Safety for financial assistance to the family of an Arkansas certified law enforcement officer who is killed in the line of duty or diagnosed with a terminal illness. Eligibility factors include family need, salary of the officer, and any other factors establishing financial hardship.

§ 26-51-2511(d)(3)(B) allows the Secretary of the Department of Public Safety to deposit into the "Law Enforcement Family Relief Check-Off Program" any gifts, donations, etc. received. For purposes of clarity, this section may benefit by amendment to allow charitable deposits to be made into the "Law Enforcement Family Relief Trust Fund."

This bill requires the Secretary of DFA to promulgate all rules and all income tax forms, returns, and schedules necessary to carry out the check-off program. To be consistent with other check-off programs, the bill may need to be amended to require the DFA Secretary to promulgate rules and forms to carry out the "revenue producing provisions" of the program. HB1360 also requires the Secretary of the Department of Public Safety to promulgate all rules necessary to implement the grant program.

HB1360 requires that final rules be filed with the Secretary of State for adoption on or before January 1, 2022 or as soon as practicable after approval under § 10-3-309.