

Department of Finance and Administration

Legislative Impact Statement

Bill: SB481

Bill Subtitle: TO INCREASE THE USE OF THE PROGRAM CREATED UNDER THE ARKANSAS PUBLIC ROADS IMPROVEMENTS CREDIT ACT BY MAKING IT EASIER TO USE THE TAX CREDIT PROVIDED UNDER THE ACT.

Basic Change :

Sponsor: Sen. J. Dismang

SB481 amends the Arkansas Public Roads Improvements Credit Act (APRICA). The APRICA provides a credit against income tax when taxpayers donate funds to the Public Roads Incentives Fund to be used for approved city, county, or state capital improvements for public roads. The bill expands the tax credit by:

- Setting the tax credit at a fixed amount of 33% of a taxpayer's contribution instead of providing a credit up to 33%;
- Increasing the amount of the tax credit that may be taken against a taxpayer's income tax liability from up to 50% of a taxpayer's income tax liability to 100% of a taxpayer's income tax liability; and
- Increasing the carry-forward time limit for any unused credit from three years to ten years.

SB481 is applicable retroactively for tax years beginning on and after January 1, 2020.

Revenue Impact :

Estimate revenue neutral.

Taxpayer Impact :

Taxpayers earning the Public Road Improvement credit may offset their entire tax liability instead of 50% for years beginning in 2020 and after.

Resources Required :

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

Time Required :

Adequate time is needed for implementation.

Procedural Changes :

Employees and the tax community will need to be informed and trained for the changes.

Other Comments :

None.

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Legal Analysis :

None.