

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1210

Bill Subtitle: TO AMEND THE TAX CREDIT FOR THE SUPPORT OF A CHILD WITH A DEVELOPMENTAL DISABILITY; AND TO REMOVE THE REQUIREMENT FOR RECERTIFICATION OF A DEVELOPMENTAL DISABILITY THAT IS EXPECTED TO CONTINUE INDEFINITELY.

Basic Change :

Sponsors: Rep. Haak and Sen. Penzo

HB1210 removes the requirement under § 26-51-503 to obtain certification of developmental disability every five years to qualify for the income tax credit for the support of a dependent with a developmental disability. A taxpayer who cares for a dependent with a developmental disability is permitted to claim an income tax credit of \$500 for each tax year.

Under current law, the medical certification required for the tax credit expires after five years. A taxpayer is required to obtain a recertification by a licensed physician, psychologist, or psychological examiner every five years to continue to claim the credit. HB1210 removes the recertification requirement so that a taxpayer claiming the credit may continue to claim the credit for the life of the dependent. To qualify as an individual with a developmental disability, the dependent's diagnosis must have originated before the age of 22.

HB1210 is effective retroactively for tax years beginning on or after January 1, 2022.

Revenue Impact :

None.

Taxpayer Impact :

A taxpayer claiming the credit must have certification by a licensed physician, licensed psychologist, or licensed psychological examiner that the individual has a diagnosis of a developmental disability. Under HB1210, recertification every five years would no longer be required.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated. Programming costs for the Arkansas Integrated Revenue System (AIRS) is estimated at \$8,000.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

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

Other Comments :

None.

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Legal Analysis :

None.