



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: SJR17

**Bill Subtitle: AN AMENDMENT TO THE ARKANSAS CONSTITUTION TO CREATE THE
"ARKANSAS TAXPAYER BILL OF RIGHTS".**

Sponsors:

Sen. Dotson and Rep. Long

Basic Change:

SJR17 proposes an amendment to the Arkansas Constitution to create the "Arkansas Taxpayer Bill of Rights" (ATBR).

The ATBR prohibits deficit spending of general revenues in a fiscal year budget beginning January 1, 2027. The amendment does not prohibit the General Assembly from creating a budget for a fiscal year based on expected general revenues, and subsequently adjusting the budget based on actual collections of general revenues.

The amendment requires a three-fourths vote by each house of the General Assembly in order for certain types of legislation to be approved, including legislation:

- Establishing a new tax or fee;
- Increasing the rate of a tax or fee;
- Extending an expiring tax or fee; or
- Amendments to the law directly causing a gain to the state in net tax or fee revenue.

The General Assembly may refer to the voters a proposal falling under one of the categories listed above. If referred to voters, the proposal becomes law if it is approved by three-fourths of voters.

The ATBR also limits budget expenditures of net general revenue to an increase of 2% compared to the preceding fiscal year's budget. This limit does not apply to one-time expenditures for the settlement of claims against the state. If general revenues collected exceed the allowed expenditures, excess amounts are to be utilized as follows:

- First, to be transferred to the Catastrophic Reserve Fund (CRF) to the extent necessary to ensure that the balance of the CRF at the end of the fiscal year is at least an amount equal to 20% of the previous fiscal year's expenditures of net general revenue;
- Second, to be transferred to the Budget Stabilization Trust Fund (BSTF) to the extent necessary to ensure that the balance of the BSTF at the end of the fiscal year is at least an amount equal to 20% of the previous fiscal year's expenditures of net general revenue; and
- Any excess amounts not transferred to the CRF or BSTF as provided above are to be reserved in the current fiscal year and refunded during the next fiscal year by means of temporarily reduced rates of income tax and sales and use tax.

The ATBR also specifies the circumstances under which funds from the CRF or BSTF may be utilized. The General Assembly is permitted to enact laws necessary to implement the amendment, including laws concerning temporary reductions of income tax or sales and use tax rates.



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The amendment also repeals Article 5, § 38 of the Constitution, which addresses the current means by which rates for property, excise, privilege, or personal taxes can be increased. The amendment also replaces language in Article 5, § 1 that currently provides that no measure shall be submitted to the people by the General Assembly except a proposed constitutional amendment, and instead provides that no measure shall be submitted to the people by the General Assembly "[e]xcept as otherwise provided in this constitution."

Fiscal Impact:

None.

Taxpayer Impact:

A taxpayer may receive temporary reduction of the rates of income tax or sales and use tax after any moneys that remain after the Treasurer of State has made necessary transfers under SJR17.

Resources Required:

None.

Time Required:

None.

Procedural Changes:

None.

Other Comments:

None.

Legal Analysis:

SJR17 proposes an amendment to the Arkansas Constitution to create the "Arkansas Taxpayer Bill of Rights." Under current law, there already exists a "Taxpayer Bill of Rights" in § 26-18-801 et seq. and an "Arkansas Property Taxpayer Bill of Rights" in § 26-23-201 et seq. SJR17 may benefit from an amendment to utilize a different title to prevent confusion.