

2021 LEGISLATIVE PRIORITIES ADOPTED



Business matters.

TAX ISSUES

Tax Savings for Pass Through Entities

HB 1209 by Rep. Joe Jett and Sen. Jonathan Dismang is now **Act 362**.

This Act creates an elective pass through entity-level flat income tax that when used will increase that business' state and local (SALT) tax deduction on their federal returns from a cap of \$10,000 to 100% of the Arkansas taxes paid. The estimated savings is at least \$50 million annually (probably more) for the pass through businesses in the state, which are the majority of businesses in Arkansas.

Independent Tax Appeals Commission

HB 1468 by Rep. Joe Jett and Sen. Blake Johnson is now **Act 586**.

This Act creates an Independent Tax Appeals Commission that will consist of three appointees who will be housed outside of the Department of Finance and Administration. It will begin hearing cases in 2023. Currently, these appeals are heard by DFA and the taxpayers lose over 90% of the appeals.

PPP Federal Conformity and Exemption

HB 1361 Rep. Les Eaves and Sen. Jonathan Dismang is now **Act 248**.

This Act conforms Arkansas tax laws to federal tax exemption of payroll protection program loan forgiveness and several other kinds of COVID-19 relief. The PPP loan forgiveness exemption alone is worth \$212 million in tax savings to business owners.

Manufacturing Exemption Applied to Printing

HB 1596 by Rep. Joe Jett and Sen. Jonathan Dismang is now **Act 880**.

This Act expands the existing manufacturing sales tax exemption to printing. This will provide \$2.6 million in savings to the Arkansas printing industry.

Taxability of Non Resident Arkansas Income

SB 484 by Sen. Jonathan Dismang & Rep. Joe Jett is now **Act 1019**.

This bill corrects a DFA position that would have made Arkansas employers collect Arkansas tax on out-of-state employees. The bill restores the common sense rule that an employee working from home should pay tax where they live and work.

Public Roads Tax Credit Program

SB 481 by Sen. Jonathan Dismang is now **Act 628**.

This Act enhances the usability of an existing tax credit program for business contributions to public road and highway improvements.

Corporate Income Tax Deadline Extended

SB 420 by Sen. Jonathan Dismang and Rep. Joe Jett is now **Act 629**.

This Act extends the corporate income tax return deadline by an extra month past when the federal corporate tax deadline is extended, to make it easier for taxpayers with heavy state tax obligations to properly prepare their returns.

Unemployment Insurance Benefits Exemption

SB 236 by Sen. Johnathan Dismang and Rep. Joe Jett is now **Act 154**.

This Act exempts federal unemployment insurance benefits from income taxes, saving taxpayers \$54 million or more.

LEGAL ENVIRONMENT AND WORKERS' COMPENSATION

Hate Crimes Bill

SB 622 by Sen. Jimmy Hickey and Rep. Matthew Shepherd is now **Act 681**.

This Act met our need for a hate crimes bill to be adopted to remove Arkansas from the short list of states without such legislation. This Act requires perpetrators who are convicted of committing a specified crime against an identifiable class of people to serve 80% of their sentence before becoming eligible for parole.

Covid Liability Protection for Businesses

HB 1487 by Rep. Justin Gonzales and Sen. Ben Gilmore is now **Act 559**.

This Act essentially codifies a previously issued executive order to provide Covid liability protection for businesses by creating civil immunity for damages or injuries caused by or resulting from exposure to COVID-19 on business premises.

Critical Infrastructure Protection

HB 1321 by Rep. Jimmy Gazaway and Sen. Alan Clark is now **Act 712**.

This Act broadens existing criminal law provisions to protect our state's critical infrastructure, such as utilities, gas and telephone systems.

Workers Comp Covid Protection

HB 1488 by Rep. Justin Gonzales and Sen. Ben Gilmore is now **Act 353**.

This Act establishes COVID-19 as a workers' compensation occupational disease, which makes these cases eligible to seek workers' compensation benefits. This provision expires in 2023.

UNEMPLOYMENT INSURANCE

Funding to Update Unemployment Insurance Computer System

HB 1765 by Rep. Robin Lundstrum is now **Act 667**.

This Act authorizes up to \$35 million of existing UI Stabilization Tax revenue to be diverted from the UI Trust Fund to be used by the Department of Workforce Services to upgrade/modernize the UI computer system.

Unemployment Insurance Wage Base Cap

HB 1409 by Rep. Robin Lundstrum and Sen. Ricky Hill is now **Act 368**.

This act freezes the UI wage base for 2022 at \$10,000 or a lesser calculated amount.

Unemployment Insurance Stabilization Tax Rate Cap

HB 1407 by Rep. Robin Lundstrum and Sen. Ricky Hill is now **Act 369**.

This act sets UI stabilization tax for 2022 at two-tenths of one percent (0.2%).

Unemployment Insurance Claim Experience Forgiveness

HB 1212 by Sen. Missy Irvin and Rep. Jack Ladyman is now **Act 153**.

This Act provides employers experience forgiveness for UI claims made during a set period of time due to the COVID pandemic.

FEDERAL MEDICAID FUNDING

ARHOME Program Created

SB 410 by Sen. Missy Irvin and Rep. Michelle Gray is now **Act 530**.

This Act creates the ARHOME program to replace Arkansas Works. ARHOME is designed to provide better medical care outcomes. If ARHOME had not been adopted, the state would have lost \$750 million in federal funding for Medicaid coverage in Arkansas.