



STATE OF ARKANSAS

House of Representatives



NEWSLETTER FROM REP. Danny

Watson

DISTRICT 88

February 19, 2021

WEEK 6 OF THE 2021 REGULAR SESSION

This week was yet another example of how Arkansans overcome in difficult times. From the workers clearing our roads to the power company employees doing their best to keep houses warm, we want to extend our deepest appreciation to our essential workers.

The General Assembly took an extended recess due to the winter weather across our state. However, House members plan to be back at the Capitol on February 22.

On the agenda will be two tax relief bills which were advanced by the House Revenue and Taxation Committee on February 9.

SB236 would exempt unemployment benefits paid in 2020 and 2021 from state income tax.

In previous years, an average of 45,000 Arkansans received unemployment. Last year, due to the pandemic, more than 280,000 Arkansans received unemployment benefits. That is approximately 18% of taxpayers of Arkansas and \$2.6 billion in payments. Taxes are not withheld from unemployment benefits.

SB236 would ensure those Arkansans would not have to pay state taxes on those benefits they receive this year and in 2020. The Department of Finance and Administration estimates the bill will have a \$51 million impact on revenue for the current fiscal year.

SB236 passed the Senate with unanimous support.

Another tax relief bill before the House next week is HB1361.

HB1361 would exempt COVID-19 relief loans for small businesses, such as the Paycheck Protection Program (PPP), from state income tax.

More than 42,000 PPP loans totaling \$3.3 billion were distributed to small businesses in Arkansas last year. These loans are currently exempt from federal income tax.

The unemployment rate in Arkansas is now 4.2%. Recent reports show our state general revenue is \$298.7 million or 8.4% more than this time last year.

Net available revenue is 12.3% above forecast. The results include collection increases tied to the income tax due date shift to July from April in the prior fiscal year. These reports help to guide our decision making when considering tax cut proposals.

As a reminder, you can find agendas and links to live streams for all House committee and floor proceedings at www.arkansashouse.org.