State of Arkansas
91st General Assembly
Regular Session, 2017

A Bill

HOUSE BILL 1850

By: Representatives Leding, Tucker, M. Hodges, Magie, D. Whitaker, Burch

For An Act To Be Entitled

AN ACT TO CREATE THE STRONG FAMILIES ACT; TO CREATE AN INCOME TAX CREDIT FOR EMPLOYERS THAT PROVIDE PAID FAMILY AND MEDICAL LEAVE FOR CERTAIN EMPLOYEES; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE STRONG FAMILIES ACT; AND TO CREATE AN INCOME TAX CREDIT FOR EMPLOYERS THAT PROVIDE PAID FAMILY AND MEDICAL LEAVE FOR CERTAIN EMPLOYEES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 26, Chapter 51, is amended to add an additional subchapter to read as follows:

Subchapter 26 — Strong Families Act

26-51-2601. Title.

This subchapter shall be known and may be cited as the "Strong Families Act".

26-51-2602. Definitions.

As used in this subchapter:

(1)(A) "Family and medical leave" means leave for:

(i) A serious health condition of the employee that prevents the employee from performing his or her essential job duties;

(ii) The birth or adoption of a child; and

(iii) The care of a child, spouse, or parent who has a serious health condition.

(B) "Family and medical leave" does not include:

(i) Earned sick leave;

(ii) Earned annual leave; or

(iii) Earned compensatory leave;

(2) “Qualified employee” means an employee who has been employed by the employer for at least twelve (12) consecutive months;

(3) "Serious health condition" means an illness, injury, impairment, or physical or mental condition that involves:

(A) Inpatient care in a hospital, hospice, or residential medical care facility; or

(B) Continuing treatment by a healthcare provider; and

(4) "Wages" means remuneration paid for personal services.

26-51-2603. Strong families tax credit.

(a)(1)(A) An employer is allowed an income tax credit against the income tax imposed by this chapter in an amount equal to twenty-five percent (25%) of the amount of wages paid to a qualified employee during the period in which the qualified employee is on family and medical leave.

(B) If a qualified employee is not paid on an hourly basis, the wages of the qualified employee shall be prorated to an hourly basis.

(2) The income tax credit allowed under this section shall not exceed four thousand dollars ($4,000) per qualified employee in a tax year.

(b) An employer is eligible for the income tax credit allowed under this section if the employer:

(1) Provides full-time qualified employees with at least four (4) weeks of paid family and medical leave over a twelve-month period;

(2) Provides part-time qualified employees with an amount of paid family and medical leave that bears the same ratio to four (4) weeks of family and medical leave as the number of hours the part-time qualified employee is expected to work in a week bears to the number of hours an equivalent full-time qualified employee is expected to work during a week;

(3) Provides family and medical leave on the smallest increment of time permitted under the employer’s payroll system; and

(4) Adopts a policy regarding family and medical leave that states that the employer will not:

(A) Interfere with, restrain, or deny the exercise of or the attempt to exercise a right provided under the employer's family and medical leave policy; or

(B) Discharge or in any other manner discriminate against an employee for opposing a practice prohibited by the policy.

(c) The maximum amount of time for which an employer may claim an income tax credit under this section for providing family and medical leave for a qualified employee is twelve (12) weeks in a twelve-month period.

(d) Family and medical leave may run concurrently with leave that is required under state or federal law, including without limitation the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq.

(e) The amount of the income tax credit allowed under this section that may be claimed by the taxpayer in a tax year shall not exceed the amount of income tax due by the taxpayer.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on and after January 1, 2017.