

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
94th General Assembly  
Regular Session, 2023

As Engrossed: H2/28/23  
**A Bill**

HOUSE BILL 1382

By: Representatives Lundstrum, Clowney, C. Cooper, Crawford, V. Flowers, G. Hodges, Pilkington, Scott, Unger

By: Senators B. Davis, J. Bryant, C. Penzo, Irvin, C. Tucker, G. Leding

### **For An Act To Be Entitled**

AN ACT TO CREATE THE REBOOT PILOT PROGRAM; TO DEFINE "QUALIFYING FORMER OFFENDER"; TO CREATE AN INCOME TAX CREDIT FOR BUSINESSES THAT HIRE A QUALIFYING FORMER OFFENDER; AND FOR OTHER PURPOSES.

### **Subtitle**

TO CREATE THE REBOOT PILOT PROGRAM; AND TO CREATE AN INCOME TAX CREDIT FOR BUSINESSES THAT HIRE CERTAIN FORMER OFFENDERS.

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

SECTION 1. DO NOT CODIFY. Legislative findings.

The General Assembly finds that:

(1) According to the Department of Corrections:

(A) "Recidivism" is defined as a parole violation resulting in an additional sentence, a technical violation of the terms of early release, or a new sentence resulting in incarceration subsequent to a discharge. Recidivism rates are calculated using the nationwide correctional standard timeframes of six-, twelve-, and thirty-six-month follow-up periods; and

(B) Nearly fifty-one percent (51%) of Arkansas state prisoners who were released in 2017 were rearrested within three (3) years upon release;



(2) According to the Bureau of Justice Statistics, sixty-two percent (62%) of state prisoners across thirty-four (34) states who were released in 2012 were rearrested within three (3) years of release and seventy-one percent (71%) were rearrested within five (5) years of release;

(3) The recidivism rate in the United States and Arkansas is staggeringly high and raises questions about how our correctional system can be improved;

(4) Many people recently released from incarceration receive minimal preparation for release, receiving little assistance and few resources, all of which makes it difficult for those recently released from incarceration to acclimate to society; and

(5) Research suggests that former inmates are likely to leave prison with a mentality of living paycheck-to-paycheck, have no savings or bank account, and have few job prospects.

SECTION 2. Arkansas Code Title 26, Chapter 51, Subchapter 5, is amended to add an additional section to read as follows:

26-51-517. The Reboot Pilot Program – Definition.

(a) This section shall be known and may be cited as "The Reboot Pilot Program".

(b)(1) As used in this section, "qualifying former offender" means an individual who was:

(A) Convicted of a state or federal felony offense;

(B) Incarcerated for the felony offense; and

(C) Released from his or her first term of incarceration for the felony offense within twelve (12) months before the date on which he or she was hired as an employee.

(2) "Qualifying former offender" includes an individual who has been incarcerated for a violation of the conditions of his or her supervision.

(c)(1) There is allowed an income tax credit against the income tax imposed by this chapter in the amount determined under subsection (d) of this section for each qualifying former offender employed by the taxpayer for at least forty (40) hours per week at pay that is at or above the state minimum wage.

(2) The amount of the income tax credit 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.

(d) The tax credit provided for under subsection (c) of this section shall be calculated as follows:

(1) A credit of three thousand dollars (\$3,000) is allowed a taxpayer in any tax year when a qualifying former offender completes twelve (12) consecutive months of employment with the taxpayer;

(2) A credit of two thousand dollars (\$2,000) is allowed a taxpayer in any tax year when a qualifying former offender completes twenty-four (24) consecutive months of employment with the taxpayer; and

(3) A credit of one thousand dollars (\$1,000) is allowed a taxpayer in any tax year when a qualifying former offender completes thirty-six (36) consecutive months of employment with the taxpayer.

(e) To be eligible for the tax credit stated in this section:

(1) The taxpayer shall:

(A) Register with the Division of Workforce Services as a participant in The Reboot Pilot Program;

(B) At the end of twenty-four (24) months of the qualifying former offender's consecutive employment, enroll the qualifying former offender in the health insurance plan offered by the taxpayer if the taxpayer offers a health insurance plan to other employees;

(C) Ensure that each qualifying former offender is randomly drug tested; and

(D) Certify to the Department of Finance and Administration the total amount of hours worked by and wages paid to each qualifying former offender employed by the taxpayer in the taxable year for which the taxpayer claims the income tax credit provided under this section; and

(2) The qualifying former offender shall:

(A) Register with the division as a participant in The Reboot Pilot Program; and

(B) Agree to be randomly drug tested.

(f)(1) The Department of Finance and Administration may promulgate rules to carry out the provisions of this section.

(2) If the Department of Finance and Administration promulgates rules under subdivision (f)(1) of this section, the Department of Finance and

Administration shall consult with the Division of Workforce Services, the Department of Human Services, and the Department of Corrections on the content of the rules.

(g) The Division of Workforce Services shall not allow more than five hundred (500) qualifying former offenders to be registered under subsection (e) of this section at any given time.

(h) The Secretary of the Department of Corrections and the Director of the Division of Workforce Services shall submit to the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee, a quarterly joint report regarding the status of The Reboot Pilot Program, including without limitation:

(1) The method that the Department of Corrections and the division are using to track qualifying former offenders;

(2) The methods that the Department of Corrections and the division are using to assist qualifying former offenders with gaining employment; and

(3) Any issues the Department of Corrections or the division have identified with the administration, implementation, or effectiveness of The Reboot Pilot Program that may be addressed through legislation.

SECTION 3. DO NOT CODIFY. TEMPORARY LANGUAGE. Legislative Council recommendation.

On or before three (3) years from the effective date of this act, the Legislative Council shall:

(1) Review the effectiveness of The Reboot Pilot Program; and

(2) Make a recommendation to the legislature concerning whether The Reboot Pilot Program should be continued.

SECTION 4. DO NOT CODIFY. Rules.

(a) When adopting the initial rules required under this act, the Department of Finance and Administration shall file the final rules with the Secretary of State for adoption under § 25-15-204(f):

(1) On or before January 1, 2024; or

(2) If approval under § 10-3-309 has not occurred by January 1, 2024, as soon as practicable after approval under § 10-3-309.

(b) The Department of Finance and Administration shall file the

proposed rules with the Legislative Council under § 10-3-309(c) sufficiently in advance of January 1, 2024, so that the Legislative Council may consider the rules for approval before January 1, 2024.

SECTION 5. EFFECTIVE DATE. Section 2 of this act is effective for tax years beginning on or after January 1, 2024.

*/s/Lundstrum*