

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

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H1/16/25
A Bill

HOUSE BILL 1026

Representatives A. Collins, T. Shephard, Springer

For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS PROMISE ACT; TO AMEND THE INDIVIDUAL INCOME TAX LAWS; TO CREATE AN INCOME TAX CREDIT FOR TUITION FOR AN ELIGIBLE STUDENT AT A PUBLIC INSTITUTION OF HIGHER EDUCATION; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE ARKANSAS PROMISE ACT; AND TO CREATE AN INCOME TAX CREDIT FOR TUITION PAID FOR AN ELIGIBLE STUDENT AT A PUBLIC INSTITUTION OF HIGHER EDUCATION.

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

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5, is amended to add an additional section to read as follows:

26-51-518. Arkansas Promise Act – Higher education tuition income tax credit – Definition.

(a) This section shall be known and may be cited as the "Arkansas Promise Act".

(b) As used in this section, "tuition" means charges levied for attendance at a public two-year or four-year institution of higher education.

(c) There is allowed an income tax credit against the income tax imposed by this chapter in the amount paid by a taxpayer as tuition for the taxpayer or the taxpayer's dependent not including tuition paid through any scholarship or grant, subject to the limitations of subsection (d) of this



section.

(d) To claim the income tax credit allowed by this section, the taxpayer must have paid tuition for a student that:

(1) Is a resident with an in-state tuition classification;

(2)(A) Has completed the Free Application for Federal Student Aid (FAFSA) or a subsequent application required by the United States Department of Education for federal financial aid for the semester or term for which the income tax credit is claimed.

(B) The income tax credit allowed by this section shall only be claimed if the application under subdivision (d)(2)(A) reflects an adjusted gross income, as defined in 20 U.S.C. § 1070a, of up to ninety thousand dollars (\$90,000);

(3) Is classified as degree- or credential-seeking pursuing a certificate, associate degree, or bachelor's degree;

(4) Initially enrolled in the public two-year or four-year institution of higher education for which the income tax credit is claimed within two (2) years of graduating from high school or obtaining a high school equivalency diploma;

(5) Has accumulated fewer than sixty-five (65) credit hours prior to the first semester attended at the public two-year or four-year institution of higher education for which the income tax credit is claimed;

(6) Has completed at least six (6) credit hours at the end of each semester for which the income tax credit is claimed; and

(7) Has maintained a grade point average of at least 2.5 on a 4.0 scale for each semester for which the tax credit is claimed;

(e) The income tax credit allowed by this section may be claimed for no more than four (4) consecutive academic semesters.

(f) If the amount of the income tax credit allowed under this section exceeds the taxpayer's income tax liability, the excess shall be refunded to the taxpayer.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2025.

/s/A. Collins