

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1821

Bill Subtitle: TO AMEND THE LAW CONCERNING THE RENTAL VEHICLE TAX; AND TO AMEND THE DISTRIBUTION AND USE OF REVENUES DERIVED FROM THE RENTAL VEHICLE TAX.

Basic Change :

Sponsor: Rep. C. Fite

HB1821 amends the distribution and use of revenues derived from the additional rental vehicle tax levied under § 26-63-302(c)(1) by creating a limit on the amount of additional rental vehicle tax revenue that is designated for the Division of Elementary and Secondary Education Public School Fund Account. Current law levies an additional rental vehicle tax of 5% on the lease or rental of motor vehicles that are leased or rented for a period of less than 30 days. The additional rental vehicle tax excludes from the levy farm equipment or machinery rented for commercial purposes, diesel trucks leased or rented for commercial shipping, and gasoline or diesel-powered trucks rented or leased for residential moving or shipping.

Under current law, revenues received from the additional rental vehicle tax are deposited as follows:

- 75% into the Arkansas Public Transit Trust Fund for the purpose of acquiring federal matching funds for the purchase of public transportation vehicles, for public transit equipment or facilities, and for the operation of the Federal Transit Administration assistance programs; and
- 25% into the Division of Elementary and Secondary Education Public School Fund Account to be used exclusively for teacher salaries.

HB1821 caps the amount deposited into the Public School Fund Account at \$1,344,957 per fiscal year. The remainder of the 25% will be deposited into the Public Transit Trust Fund.

Revenue Impact :

25% of the additional rental vehicle tax revenues up to \$1,344,957 in a fiscal year will be deposited into the Public School Fund and used exclusively for teacher salaries. Any remaining amounts collected shall be deposited into the Arkansas Public Transit Trust Fund.

Taxpayer Impact :

None.

Resources Required :

The Arkansas Integrated Revenue System (AIRS) would require programming at an estimated cost of \$8,000.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

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System changes will be required to modify the distribution of the 25% portion of the additional rental vehicle tax to direct the first \$1,344,957 collected to the Public School Fund.

Other Comments :

None.

Legal Analysis :

None.