

Department of Finance and Administration

Legislative Impact Statement

Bill: SB499

Bill Subtitle: REGARDING RICE PROMOTION; TO AMEND THE ASSESSMENTS ON GROWN RICE; AND TO DECLARE AN EMERGENCY.

Basic Change :

Sponsors: Sens. B. Johnson, Caldwell, and Hill and Reps. J. Moore and Fortner

SB499 increases the rate of the assessment imposed by § 2-20-507 on buyers and producers of rice from 1.35 cents per bushel to 2 cents per bushel. SB499 also amends the permissible uses of the funds collected.

Currently, § 2-20-507 imposes an assessment of 1.35 cents per bushel on rice. The assessment is collected from: (1) the buyer at the first point of sale or at the point the rice enters the United States Department of Agriculture loan program; and (2) the producer. The Department of Finance and Administration (DFA) collects the assessment. SB499 increases the assessment per bushel to 2 cents on both buyers and producers.

The amounts collected are deposited in a special fund for the Arkansas Rice Research and Promotion Board to the credit of the board. The board can use the funds collected from a buyer for market development and promotion, basic administration expenses, and defraying the costs of referenda that the board may refer to buyers of rice. The board can use the funds collected from a producer for rice extension and rice research, basic administration expenses, and defraying the costs of referenda that the board may refer to producers of rice.

SB499 removes the ability of the board to spend the amounts collected for "defraying the costs of referenda that the board may refer to buyers of rice." Under the bill, the board is given the right to use up to 20% of the amount collected for purposes deemed necessary by the board.

SB499 contains an emergency clause and will be effective on August 1, 2023.

Revenue Impact :

\$2.6 million in increased rice assessments. This impact is based on the rice harvesting season beginning August 1 and running through July 31 of each year.

Taxpayer Impact :

The assessment imposed on buyers and producers of rice would be increased from 1.35 cents to 2 cents per bushel.

Resources Required :

The Arkansas Integrated Revenue System (AIRS) will require programming at an estimated cost of \$8,000.00.

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Time Required :

Adequate time is allowed for implementation.

Procedural Changes :

Rice assessment forms and computer systems will need to be updated to reflect the rate change.

Other Comments :

None.

Legal Analysis :

None.