

Department of Finance and Administration

Legislative Impact Statement

Bill: SB825

Bill Subtitle: CONCERNING REPORTS FOR SALES AND USE TAXES.

Basic Change :

Senator U. Lindsey

Representative D. Douglas

The bill would provide for the Department of Finance and Administration to provide reports to local governments regarding their sales and use tax collections. The bill would amend Arkansas State Tax Procedures concerning the privileged and confidential provisions of state tax records to provide for disclosure as follows:

- 1) For cities and counties that have an unelected employee or official designated as finance director, controller, or other similar title with responsibility to manage the financial affairs of the city or county a monthly report that:
 - a) Explains the source and composition of the local tax collections that includes:
 - The taxpayer's account number;
 - The taxpayer's North American Industry Classification System code number;
 - The name of the taxpayer;
 - The reporting address of the taxpayer;
 - The amount of sales tax remitted;
 - The amount of use tax remitted;
 - The amount of rebates issued by DFA to the taxpayer;
 - The amount of other adjustments to the tax remitted;
 - b) Includes the total amount of sales and use taxes collected on motor vehicles;
 - c) Includes the total amount of excise taxes distributed to the city or county from vending machine decal receipts and the wholesale vending tax;
 - d) Includes the combined totals of the total tax collections that equal the total tax reported by the Department of Finance and Administration to the Treasurer of State for the local taxing jurisdiction; and
 - e) Includes a schedule of total collections grouped by North American Industry Classification System code category that equal the combined tax totals.
- 2) For cities or counties that do not have an unelected employee or official designated as finance director, controller, or other similar title with responsibility to manage the financial affairs of the city or county a monthly report that:
 - a) Includes a schedule of total collections grouped by North American Industry Classification System (NAICS) code category that equal the combined tax totals with the total amount of rebates and other adjustments for each NAICS category.
- 3) For all cities and counties, a quarterly report that lists all businesses remitting sales and use taxes for the city and county. The amount of tax remittances would not be disclosed.

To receive the monthly reports, each city or county would register with DFA and provide sufficient

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information to establish an online account that would allow access to the report information. The report information would become available beginning in January 2014. The city or county government official receiving the report information contained in the monthly report containing the specific taxpayer name and tax payment information is required to maintain its confidentiality and is not authorized to share the information with any other local government official or local government employee. The information provided to the local government official is also not subject to release under the Freedom of Information Act.

Revenue Impact :

No Impact on State Revenues

Taxpayer Impact :

Specific tax payment information would be provided to certain governmental officials.

Resources Required :

DFA's tax reporting and processing system will be used to generate the necessary reports and provide for the registration of city and county government officials to have access to the electronic reports.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Establish registration procedures for local government officials to access the electronic reports and develop the electronic reports subject to access.

Legal Analysis :

This bill essentially requires DFA to provide detailed information on total tax collections separated by Taxpayer on a monthly basis to local governments after the completion of a registration process provided by DFA. These reports are to be provided through an online account in a usable electronic format. Further, DFA must separate the sales/use tax proceeds based on the type of activity being tax (i.e. vending machines, motor vehicles sales, type of manufacturer, etc.). DFA must also be able to explain prior period audit adjustments, refund and rebate claims, amended returns, or other adjustments that affect period distributions in detail if requested.

The bill does not contain an emergency clause and thus all sections of the bill (except those governing issuance of the monthly reports to eligible entities) takes effect 90 days following adjournment. The requirements regarding issuance of monthly reports to eligible entities take effect for periods on or after January 2014.