

Department of Finance and Administration

Legislative Impact Statement

Bill: SB293

Bill Subtitle: TO ALLOW FOR THE DISCLOSURE OF INFORMATION CONCERNING SALES AND USE TAX CREDITS, REFUNDS, AND REBATES TO LOCAL GOVERNMENTS; AND TO REQUIRE TAXPAYERS TO PROVIDE NOTIFICATION TO LOCAL GOVERNMENTS IN CERTAIN CIRCUMSTANCES.

Basic Change :

Sponsor: Sen. B. Sample

SB293 amends § 26-18-303 to authorize the disclosure of confidential taxpayer information by the Department of Finance and Administration (DFA) to an official of a city government or county government concerning a sales and use tax credit, refund, or rebate obtained by a taxpayer for sales and use taxes paid to the city or county government for the following:

- Property purchased for use in performance of a construction contract;
- Partial replacement and repair of certain machinery and equipment; or
- Credit or rebate on certain local sales and use tax.

SB293 also would require that DFA forms include a statement notifying taxpayers that they are required to provide a copy of their tax credit, refund, or rebate claims to the executive head of each municipality and county that levied a tax that is subject to rebate. A taxpayer making certain refund, credit, or rebate claims will be required to notify the head of the municipality or county that levied a tax which is subject to the claim.

SB293 provides penalties to taxpayers that fail to comply with the notification requirements. The penalties will be levied by and paid to the municipalities and counties in the proportion in which the tax credit, refund, or rebate applied to them.

The bill provides for an effective date of the first day of the calendar quarter following the effective date of the act.

Revenue Impact :

None.

Taxpayer Impact :

A taxpayer would be required to provide notification of a claim has been filed with DFA for certain tax credits, refunds, or rebates to the executive head of the municipality and county relevant to the claim. A taxpayer may be subject to progressive penalties for failures to provide a notification required by SB293.

Resources Required :

None.

Time Required :

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Adequate time is provided for implementation.

Procedural Changes :

Updates to forms and rules will need to be promulgated.

Other Comments :

None.

Legal Analysis :

SB293 requires DFA to file final rules with the Secretary of State on or before October 1, 2021, or if approval by the Arkansas Legislative Council (ALC) has not occurred, then the rules are to be filed as soon as practicable after approval. SB293 also requires DFA to file proposed rules with ALC far enough in advance of October 1, 2021 so that ALC can consider the rules for approval before October 1, 2021.