



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1203

Bill Subtitle: TO PROTECT ARKANSAS TAXPAYERS FROM A TAX TO COLLECT TAXES.

Sponsors:

Rep. Underwood

Basic Change:

HB1203 eliminates the requirement that the Department of Finance and Administration (DFA) collect a nonrefundable \$50 fee prior to issuing a new gross receipts tax (sales tax) permit. Under current law, an applicant for a sales tax permit must submit the fee with their application.

The fees are currently deposited in the State Central Services Fund for use by the Revenue Division of DFA.

Fiscal Impact:

FY2026 - \$432,000 Reduction to State Central Services

[FY2022 through FY2024 actual permit fees collected were averaged to estimate the loss to State Central Services.]

Taxpayer Impact:

An applicant for a gross receipts tax (sales tax) permit will no longer be required to pay the \$50 application fee.

Resources Required:

The cost estimate of the Arkansas Integrated Revenue System (AIRS) for required programming is \$8,000 with no annual maintenance cost.

Time Required:

Adequate time is provided for implementation.

Procedural Changes:

DFA staff as well as the taxpayer community will need to be updated on these changes. Updates to the Sales and Use Tax Rules will be promulgated.

Other Comments:

None.

Legal Analysis:

None.