



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

Bill: HB1716

Bill Subtitle: TO AMEND THE LAW CONCERNING THE ASSESSMENT AND COLLECTION OF TAXES BY THE SECRETARY OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION; AND TO PROHIBIT THE ASSESSMENT OF SALES AND USE TAX IN CERTAIN CIRCUMSTANCES.

Sponsors:

Rep. Cavanaugh and Sen. Caldwell

Basic Change:

HB1716 prohibits the Department of Finance and Administration (DFA) from issuing an assessment of sales or use tax against a taxpayer if that taxpayer has previously appealed an assessment or refund claim denial on the same tangible personal property and that property was determined to be exempt by:

- The Office of Hearings and Appeals;
- The Tax Appeals Commission;
- A circuit court; or
- The Arkansas Supreme Court.

This prohibition does not apply when there is a material change in law as shown by:

- A new law by the General Assembly;
- An amendment or repeal of an existing law by the General Assembly;
- A newly promulgated rule or amended rule approved by the Legislative Council under § 10-3-309; or
- A subsequent decision by the Arkansas Supreme Court.

Fiscal Impact:

None.

Taxpayer Impact:

DFA shall not assess sales or use tax against a taxpayer who has obtained a favorable determination of exemption from sales or use tax in an administrative or court decision regarding the purchase of an item of tangible personal property unless there has been a material change in Arkansas law by legislation, an approved rule, or court decision. The restriction only applies if the same taxpayer uses the tangible personal property in the same manner that was determined to be exempt by the administrative hearing or court decision.

Resources Required:

None.

Time Required:

Adequate time is provided for implementation.



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Procedural Changes:

None.

Other Comments:

None.

Legal Analysis:

None.