



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

Bill: SB394

As Engrossed: 3/13/2025

Bill Subtitle: TO AMEND THE LAW CONCERNING THE ALLOCATION, DISTRIBUTION, AND USE OF REVENUES DERIVED FROM A COUNTY SALES AND USE TAXES FOR CAPITAL IMPROVEMENTS.

Sponsors:

Sens. Bryant, Hester, and Dees

Reps. McAlindon, McKenzie, R. Burkes, Underwood, R. Scott Richardson, McCollum, John Carr, Duke, and Torres

Basic Change:

SB394 (engrossed 3/13/25) authorizes a vote of the people to alter the allocation or distribution of revenues derived from a county sales and use tax levied for capital improvements.

Under current law, a county may levy a local sales and use tax to:

- Pledge all or a portion of those tax revenues for the repayment of bonds; and
- Allocate a portion of the revenues to municipalities within the county.

Current law does not allow the allocation of county tax revenues to municipalities to be altered. SB394 authorizes a vote of the people to change the allocation or distribution of revenues from the county tax. The change is only permissible if the population of the largest municipality in the county exceeds the population in the unincorporated areas of the county. SB394 also provides that a municipality that receives revenues from a county tax levied under § 26-74-201 et seq. may not pledge those revenues for the repayment of bonds.

Fiscal Impact:

None.

Taxpayer Impact:

A county quorum court would be able to refer to the voters a change to the allocation and distribution of revenues from the levy of a county sales and use tax provided that the population of the largest municipality in the county exceeds the population in the unincorporated areas of the county.

Resources Required:

None.

Time Required:

None.

Procedural Changes:

None.



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

Bill: SB394

As Engrossed: 3/13/2025

Bill Subtitle: TO AMEND THE LAW CONCERNING THE ALLOCATION, DISTRIBUTION, AND USE OF REVENUES DERIVED FROM A COUNTY SALES AND USE TAXES FOR CAPITAL IMPROVEMENTS.

Other Comments:

If a change to the allocation of a county sales and use tax was approved by the voters, the State Treasurer would be responsible for implementing any changes to the disbursement of the collected sales and use taxes.

Legal Analysis:

None.