

1 INTERIM STUDY PROPOSAL 2025-003

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3 REQUESTING THAT THE SENATE COMMITTEE ON REVENUE AND TAXATION
4 STUDY THE ECONOMIC IMPACT OF LOCAL SALES AND USE TAX REBATES FOR
5 QUALIFYING BUSINESS PURCHASES ON COUNTIES AND CITIES AND THE
6 FEASIBILITY OF THE STATE PARTICIPATING IN SALES AND USE TAX
7 REBATES.
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9 WHEREAS, under Arkansas Code § 26-52-523, a taxpayer may claim a rebate
10 for the local sales and use taxes paid in excess of the tax due on the first
11 two thousand five hundred dollars (\$2,500) of a qualifying business purchase;
12 and
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14 WHEREAS, counties and cities alone bear the burden of paying sales and
15 use tax rebates under Arkansas Code § 26-52-523; and
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17 WHEREAS, in 2023, Arkansas counties refunded forty million seven
18 hundred five thousand eight hundred thirteen dollars and twenty-one cents
19 (\$40,705,813.21) in local sales and use tax revenue; and
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21 WHEREAS, Arkansas is the only state in the region that does not
22 participate in sales and use tax rebates; and
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24 WHEREAS, in 2023, Arkansas's ten (10) most populated cities refunded a
25 total of twenty-six million five hundred sixty thousand two hundred two
26 dollars and six cents (\$26,560,202.06) in local sales and use tax revenue;
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29 WHEREAS, local sales and use tax revenues are critical for funding
30 local needs, such as infrastructure, public safety, and other services; and
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32 WHEREAS, uncertainty about local sales and use tax rebates strains
33 counties' and cities' ability to predict annual revenues and fund local
34 needs,
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36 NOW THEREFORE,

1 BE IT PROPOSED BY THE SENATE COMMITTEE ON REVENUE AND TAXATION OF THE NINETY-
2 FIFTH GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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4 THAT the Senate Committee on Revenue and Taxation study the:

5 (1) Purpose of the local sales and use tax rebates provided
6 under Arkansas Code § 26-52-523;

7 (2) Economic impact of the state's participation in rebates of
8 sales and use tax on electricity; and

9 (3) Feasibility and economic impact of amending the law to
10 provide a rebate of state sales and use tax on purchases that currently
11 qualify for the local sales and use tax rebate under Arkansas Code § 26-52-
12 523.

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15 Respectfully submitted,

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19 Senator Steve Crowell
20 District 3

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22 Prepared by: JLL/JLL
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