

1 INTERIM STUDY PROPOSAL 2025-006

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3 REQUESTING THAT THE HOUSE COMMITTEE ON REVENUE AND TAXATION STUDY  
4 THE ECONOMIC IMPACT OF LOCAL SALES AND USE TAX REBATES FOR  
5 QUALIFYING BUSINESS PURCHASES ON COUNTIES AND CITIES AND THE  
6 FEASIBILITY OF REQUIRING THE STATE TO PROVIDE STATE SALES AND USE  
7 TAX REBATES FOR QUALIFYING BUSINESS PURCHASES.  
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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, in 2023, Arkansas's ten (10) most populated cities refunded a  
22 total of twenty-six million five hundred sixty thousand two hundred two  
23 dollars and six cents (\$26,560,202.06) in local sales and use tax revenue;  
24 and  
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26 WHEREAS, local sales and use tax revenues are critical for funding  
27 local needs, such as infrastructure, public safety, and other services; and  
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29 WHEREAS, uncertainty about local sales and use tax rebates strains  
30 counties' and cities' ability to predict annual revenues and fund local  
31 needs,  
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33 NOW THEREFORE,

34 BE IT PROPOSED BY THE HOUSE COMMITTEE ON REVENUE AND TAXATION OF THE NINETY-  
35 FIFTH GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
36

1 THAT the House Committee on Revenue and Taxation study the:

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

4 (2) Economic impact of the local sales and use tax rebates  
5 provided under Arkansas Code § 26-52-523 on counties and cities in the state;  
6 and

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

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13 Respectfully submitted,

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17 Representative Les Warren  
18 District 84

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20 Prepared by: JLL/JLL  
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