

## Total Estimated Impact of Tax Changes or other Enactments on General Revenue

Fiscal Year	Reductions in General Revenue	Additions to General Revenue	Total General Revenue Change
1998	(\$20,801,728)	\$3,635,000	(\$17,166,728)
1999	(\$115,951,728)	\$3,635,000	(\$112,316,728)
2000	(\$24,615,215)	\$424,000	(\$24,191,215)
2001	(\$49,094,000)	\$424,000	(\$48,670,000)
2002	(\$10,133,000)	\$1,200,000	(\$8,933,000)
2003	(\$10,133,000)	\$1,200,000	(\$8,933,000)
2004	(\$12,320,000)	\$111,630,000	\$99,310,000
2005	(\$13,670,000)	\$125,880,000	\$112,210,000
2006	(\$9,815,000)	\$445,000	(\$9,370,000)
2007	(\$11,903,000)	\$1,162,000	(\$10,741,000)
2008	(\$131,214,000)	\$8,562,000	(\$122,652,000)
2009	(\$127,950,000)	\$8,615,000	(\$119,335,000)
2010	(\$38,765,900)	\$86,362,000	\$47,596,100
2011	\$0	\$0	\$0
2012	(\$31,520,000)	\$0	(\$31,520,000)
2013	\$0	\$0	\$0
2014	(\$11,738,000)	\$0	(\$11,738,000)
2015	(\$88,592,053)	\$0	(\$88,592,053)
2016	(\$26,501,046)	\$0	(\$26,501,046)
2017	(\$100,767,066)	\$0	(\$100,767,066)
2018	(\$2,341,046)	\$8,600,000	\$6,258,954
2019	(\$28,014,961)	\$9,480,000	(\$18,534,961)
<b>Total</b>	<b>(\$865,840,743)</b>	<b>\$371,254,000</b>	<b>(\$494,586,743)</b>

\*Negative numbers are in parentheses

**GENERAL REVENUE ESTIMATED IMPACT OF ENACTMENTS OF THE 91ST GENERAL ASSEMBLY  
2017 REGULAR SESSION**

2017 ACT	SUBJECT	NET GENERAL REVENUE FOR DISTRIBUTION IMPACT	
		FY2018	FY2019
<b><u>REDUCTIONS FROM GENERAL REVENUE</u></b>			
78/79	Tax Reform and Relief	\$0	(\$25,250,000)
393	Historic Rehabilitation Income Tax Credit	(\$1,000,000)	(\$1,000,000)
665	Sales and Use Tax Exemption for Sales by Charitable Organizations	(\$83,546)	(\$112,461)
666	Tax Deduction for Teacher's Classroom Investment	(\$430,000)	(\$430,000)
671	Amend Excise Tax Rate for Hard Cider	(\$12,500)	(\$12,500)
734	Amend Laws Associated with Unemployment Taxes and Benefits	(\$295,000)	(\$590,000)
763	Income Tax Exemption - Rural Physician Recruitment Incentives	(\$20,000)	(\$20,000)
1125	Amend Carry-Forward on Credit Allowed for Water Impoundments	(\$500,000)	(\$600,000)
<b>TOTAL ESTIMATED REDUCTIONS TO GENERAL REVENUE</b>		<b>(\$2,341,046)</b>	<b>(\$28,014,961)</b>
<b><u>ADDITIONS TO GENERAL REVENUE</u></b>			
141	Amend Taxation of Military Retirement, Candy, Soft Drinks, Digital	\$3,000,000	\$5,900,000
465	Eliminate InvestArk/Reduce Sales Tax on Equipment Repair	\$1,200,000	\$680,000
668	Amend Disposition of Securities Fees	\$1,500,000	\$0
977	Amend Disposition of Gas Assessment Fees	\$2,900,000	\$2,900,000
<b>TOTAL ESTIMATED ADDITIONS TO GENERAL REVENUE</b>		<b>\$8,600,000</b>	<b>\$9,480,000</b>
<b>TOTAL NET IMPACT</b>		<b>\$6,258,954</b>	<b>(\$18,534,961)</b>

Act 1042 of 2017 - Income Tax Credit for Employing Apprentice estimated reduction in General Revenue collections is unknown.

Act 481 of 2017 - Tax Deduction for Contributions to a Tuition Savings Account estimated reduction to General Revenue collections is unknown.

**ESTIMATE OF GENERAL REVENUE AND TOTAL REVENUE IMPACT  
OF ENACTMENTS OF THE 90TH GENERAL ASSEMBLY - 2015 REGULAR SESSION**

		Net General Revenue Available for Distribution Impact		Gross Total Revenue Impact	
		FY16	FY17	FY16	FY17
<b>2015 Act</b>	<b>Subject</b>				
Act 684	City, County, Tourist (MLA) -- extends AR State Fair Transfer through FY17 - FY20	\$ -	\$ (887,908)	\$ -	\$ -
Act 1238	Better Life Experience Program for Arkansans with Disabilities	-	(24,000.00)	-	(24,000.00)
Act 1173	Amend Capital Gains Language (50% + \$10 million)	(6,000,000.00)	(11,800,000.00)	(6,000,000.00)	(11,800,000.00)
Act 536	Amend distribution & use of natural gas severance	(2,600,000.00)	(2,700,000.00)	-	-
Act 22	Middle Class Tax Relief Act -- lowers selected rates	(22,900,000.00)	(90,300,000.00)	(22,900,000.00)	(90,300,000.00)
Act 896	Fairness of Tax Administration *	-	-	-	-
Act 1046	Alters Distribution of Gas Assessment Fees, FY16 & 17 only	5,200,000.00	5,200,000.00	-	-
Act 1126	Sales Tax Exemption for Solid Wastes from Resource Exploration	(201,046.00)	(255,158.00)	(300,000.00)	(450,000.00)
<b>TOTALS</b>		\$ (26,501,046)	\$ (100,767,066)	\$ (29,200,000)	\$ (102,574,000)

Prepared by the Bureau of Legislative Research - Research Services Division.

**ESTIMATED GENERAL AND TOTAL REVENUE IMPACTS OF TAX CHANGES  
ENACTED BY THE 89TH GENERAL ASSEMBLY**

<b>2013 Act</b>	<b>Subject</b>	<b>IMPACT ON GENERAL REVENUE FY15</b>	<b>TOTAL REVENUE IMPACT FY15</b>
Act 1441	Sales & Use tax exemption - utilities used by qualifying agricultural structures and qualifying aquaculture and horticulture equipment	-\$6,300,000	-\$10,040,000
Act 1411	Sales & Use tax exemption - reduction in rate for electricity and natural gas in manufacturing	-12,610,000	-17,020,000
Act 1452	Income tax deduction for volunteer firefighters	-48,702	-48,702
Act 1459	Reduce the income tax rates by 1/10 of 1%	-30,400,000	-30,400,000
Act 1488	Increase capital gains exclusion from 30% to 50% and increase standard deduction by \$200	-18,100,000	-18,100,000
Act 139	Increase in Timberland Tax for Forestry Commission	0	700,000
Act 1392	Sales & Use tax exemption - certain supplies for farm machinery	-665,000	-1,166,000
Act 1401	Sales & Use tax exemption - utilities used by Grain Drying	-2,440,000	-3,890,000
Act 1402	Sales & Use tax exemption - timber harvesting machinery and equipment	-528,875	-705,800
Act 1404	Sales & Use tax exemption - reduction of 1% in rate for partial replacement and repair of manufacturing machinery and equipment	-5,130,000	-6,930,000
Act 1414	Sales & Use tax exemption - dental appliances	-1,410,000	-2,100,000
Act 1408	Income tax exemption for service pay or allowances received by active duty members of the armed services	-7,200,000	-7,200,000
Act 1474	New Markets Jobs Act	0	0
Act 233	Sales & Use tax exemption - pollution control equipment required by federal regulation to be used in refining of petroleum based products to remove sulfur pollutants from refined products	-74,840	-120,000
Act 510	Limits tobacco products tax on cigars to 50 cents per cigar	-134,790	-134,790
Act 1284	Enacts the Claim of Right Doctrine (IRS code)	-125,000	-125,000
	<b>Sub-total</b>	<b>-\$85,167,207</b>	<b>-\$97,280,292</b>
<b>2014 Act</b>	<b>Subject</b>	<b>FY15</b>	<b>FY15</b>
Act 300 (HB1048)	Provides that sand and other proppants used in oil and gas wells are considered machinery and equipment used directly in the manufacturing process for purposes of the sales tax exemption for certain machinery and equipment.	-3,424,846	-5,099,999
	<b>Grand Total</b>	<b>-\$88,592,053</b>	<b>-\$102,380,291</b>

Source: DFA, Economic Analysis & Tax Research, October 17, 2013 and January 18, 2014

**ESTIMATE OF GENERAL REVENUE IMPACT FOR FISCAL YEAR 2013-14**

**By Legislation Enacted in the 2013 Regular Session**

<b>REDUCTIONS FROM GENERAL REVENUE:</b>	<b><u>FY 2013-14</u></b>
<b>Act 233 (HB1281)</b> Extends the Sales & Use tax exemption provision for pollution control machinery and equipment	\$ 53,000
<b>Act 510 (HB1531)</b> Tobacco tax limit of 50 cents per cigar	\$ 135,000
<b>Act 1284 (HB1866)</b> Adopts IRS Code-Claim of Right Doctrine	\$ 100,000
<b>Act 1392 (SB11)</b> Provides a Sales & Use tax exemption on baling twine and wrap	\$ 750,000
<b>Act 1408 (SB463)</b> Income tax exemption for active duty service pay	\$3,600,000
<b>Act 1441 (HB1093)</b> Sales and Use tax exemption on utilities for agricultural structures	\$4,000,000
<b>Act 1459 (HB1585)</b> Alters Individual Income tax rates and brackets	\$2,500,000
<b>Act 1488 (HB1966)</b> Extends the Income tax exclusion on capital gains	\$ 600,000
<b>TOTAL ESTIMATED REDUCTIONS IN GENERAL REVENUE</b>	<b>\$11,738,000</b>
 <b>ADDITIONS TO GENERAL REVENUE:</b>	 <b>\$ 0</b>

**ESTIMATED GENERAL REVENUE IMPACT FOR 2012 FISCAL YEAR  
By Legislation Enacted in the 2011 Regular Session**

	<b>FY2012</b>
<b>DFA NET GENERAL REVENUE FORECAST 11/10/10</b>	<b>\$4,604,300,000</b>
 <b>REDUCTIONS FROM GENERAL REVENUE:</b>	
Act 736 of 2011, Income Tax relief to head of household taxpayers with two or more dependents.	\$3,700,000
Act 738 of 2011, Extends the expiration date of the Delta Geotourism Incentive Act and increases the tax credit.	\$75,000
Act 753 of 2011, Increases the threshold on the sales tax exemption for used cars, trailers and semitrailers.	\$4,390,000
Act 754 of 2011, Decreases the sales and use tax on natural gas and electricity used by manufacturers.	\$5,230,000
Act 755 of 2011, Reduces the rate of sales and use tax on food and food ingredients.	\$15,500,000
Act 757 of 2011, Creates a sales tax holiday for clothing, clothing accessories, school supplies and materials.	\$1,540,000
Act 787 of 2011, Technical corrections to income tax laws.	\$382,000
Act 998 of 2011, Provides a sales and use tax exemption for the Arkansas Black Hall of Fame Foundation, Inc.	\$2,000
Act 1166 of 2011, Establishes an investment tax credit for the rehabilitation and development of central business improvement districts.	\$700,000
Act 1226 of 2011, Exempts wholesale manufacturers of beer from paying sales and use tax on kegs used to sell beer wholesale.	\$1,000
<b>Total Estimated Reductions in General Revenue</b>	<b>\$31,520,000</b>
 <b>ADDITIONS TO GENERAL REVENUE:</b>	 <b>\$0</b>
 <b>ADJUSTED FY12 NET GENERAL REVENUE</b>	 <b>\$4,572,780,000</b>

**ESTIMATED GENERAL REVENUE IMPACT  
2010 Fiscal Year, Regular Session, 2009**

	<b>FY 2010</b>
<b>DFA GENERAL REVENUE FORECAST 4/27/09</b>	<b>\$4,508,700,000</b>
<b>REDUCTIONS FROM GENERAL REVENUE:</b>	
<b>ACT 351 (HB1577)</b> To amend the Arkansas private wetland and riparian zone creation and restoration incentives act and to provide conservation tax credits.	\$15,000
<b>ACT 436 (SB88)</b> To reduce the state sales and use tax rate on food and food ingredients.	\$30,100,000
<b>ACT 498 (HB1953)</b> To encourage and foster economic development and revitalize communities by allowing a tax credit for the rehabilitation of historic structures located in Arkansas.	\$1,100,000
<b>ACT 695 (SB875)</b> To reduce the sales and use tax rate on utilities used by a manufacturer.	\$2,900,000
<b>ACT 767 (SB975)</b> To exempt the purchase of thermal imaging equipment to be used by law enforcement aircraft when purchased by a county government.	\$9,900
<b>ACT 795 (HB2076)</b> To amend the Nonprofit Incentive Act of 2007.	\$70,000
<b>ACT 940 (HB1942)</b> To allow a city that adjoins a border city that is separated by a river from a city in another state to sell cigarettes at the rate used by the border city.	\$140,000
<b>ACT 1176 (HB1595)</b> To exempt the Arkansas Search Dog Association, Inc., a private nonprofit entity, from payment of sales and use tax.	\$1,000
<b>ACT 1192 (HB2191)</b> To amend the delta geotourism incentive act of 2007 to expand the geographical qualifications for a geotourism tax credit.	\$20,000
<b>ACT 1205 (SB442)</b> To clarify that the sale of raw products at a farmer's market where the raw products are produced and sold by the producer are exempted from the gross receipts tax.	\$150,000
<b>ACT 1274 (SB2)</b> To repeal the gross receipts tax on mini-warehouse and self-storage rental services upon certain conditions.	\$4,260,000
<b>Total Estimated Reductions to General Revenue</b>	<b>\$38,765,900</b>
<b>ADDITIONS TO GENERAL REVENUE:</b>	
<b>ACT 180 (HB1204)</b> To increase the tax on cigarettes and certain tobacco products and to authorize the Department of Finance and administration to pay the commission to the stamp deputies for certain cigarette taxes.	\$86,200,000
<b>ACT 372 (HB1480)</b> To make technical corrections to the Arkansas income tax laws by adopting current internal revenue code provisions.	\$162,000
<b>Total Estimated Additions to General Revenue</b>	<b>\$86,362,000</b>
<b>NET ESTIMATED ADDITION TO GENERAL REVENUE</b>	<b>\$47,596,100</b>

**Estimated General Revenues  
2007 - 2009 Biennium  
Regular Session, 2007**

	2007-2008 FY	2008-2009 FY
<b>DFA GENERAL REVENUE</b>		
<b>FORECAST 5/2/07</b>	\$4,346,100,000	\$4,517,800,000
<b>REDUCTIONS FROM GENERAL REVENUE:</b>		
<b>Act 87 (HB1202)</b> Replaces the sales tax on dyed diesel with a volume-based tax	\$9,700,000	\$6,400,000
<b>Act 110 (SB185)</b> Reduces the state sales tax on food and groceries	\$90,800,000	\$83,600,000
<b>Act 154 (SB273)</b> Gross receipts tax exemption applied to free passes to recreational events and attractions	\$15,000	\$15,000
<b>Act 160 (HB1184)</b> Extends income tax exemption to military officers	\$350,000	\$360,000
<b>Act 185 (HB1420)</b> Reduces the state sales tax on natural gas and electricity utilized by manufacturers	\$15,000,000	\$20,300,000
<b>Act 195 (HB1443)</b> Low income tax credit	\$14,700,000	\$16,800,000
<b>Act 196 (SB5)</b> Allows tax-free distributions from IRAs to charitable contributions	\$270,000	\$120,000
<b>Act 218 (HB1484)</b> Technical corrections to state income tax law -- adopts specific Internal Revenue Code	\$240,000	\$206,000
<b>Act 518 (HB2278)</b> Geotourism investment tax credit applicable to Lower Mississippi River Delta	\$50,000	\$50,000
<b>Act 657 (HB2692)</b> Allows counties (like cities) tax benefits of selling admission tickets	\$24,000	\$24,000
<b>Act 1203 (HB2564)</b> Provides a tax credit for small manufacturers of beer	\$15,000	\$15,000
<b>Act 1607 (HB2800)</b> Increases the income tax credit, from 50% to 100%, associated with the liability for college donations	\$50,000	\$60,000
<b>Total Estimated Reductions in General Revenue Estimate</b>	<b>\$131,214,000</b>	<b>\$127,950,000</b>



<b>ADDITIONS TO GENERAL REVENUE:</b>		
<b>Act 368</b> (HB1810) Clarifies the sales tax law on portable toilets	\$131,000	\$131,000
<b>Act 388</b> (HB1426) Requires additional administration of charitable bingo games and raffles	\$586,000	\$586,000
<b>Act 668</b> (HB1651) Provides fewer restrictions on foreign and domestic wineries	\$12,000	\$12,000
<b>Act 732</b> (SB990) Taxes winnings paid from electronic games of skill	\$212,000	\$265,000
<b>Act 793</b> (HB1210) Transfer an amount of the Real Estate Transfer tax to general revenue (2007-09 biennium)	\$4,500,000	\$4,500,000
<b>Act 856</b> (SB588) Provides authority to the Arkansas Racing Commission to set licensing fees	\$120,000	\$120,000
<b>Act 869</b> (SB1004) Levies a 1% retail beer tax	\$3,000,000	\$3,000,000
<b>Act 1011</b> (HB2719) Clarifies the taxation of guided fishing trips	\$1,000	\$1,000
<b>Total Additions to General Revenue</b>	<b><u>\$8,562,000</u></b>	<b><u>\$8,615,000</u></b>
<b>Net Loss to General Revenue</b>	<b>\$122,652,000</b>	<b>\$119,335,000</b>
<b>Acts Creating Losses to General Revenue that Will or Expected to be Neutralized by Injections of Dollars from the General Improvement Fund During the 2007-09 Biennium (Acts 1495 &amp; 1753):</b>		
<b>Act 613</b> (HB1223) Expands allowances on depreciable assets to match IRS code	\$4,200,000	\$2,500,000
<b>Act 1003</b> (HB2536) Provides financial assistance to workforce training	\$300,000	\$300,000
<b>Act 1596</b> (HB2521) Provides financial assistance to amend the Consolidated Incentive Act	\$240,000	\$580,000

**Estimated General Revenues  
2005-2007 Biennium  
Regular Session, 2005**

	2005-2006 FY	2006-2007 FY
<b>DFA GENERAL REVENUE</b>		
<b>FORECAST 4/20/05</b>	\$ 3,825,100,000	\$ 4,047,700,000
<b>REDUCTIONS FROM GENERAL REVENUE:</b>		
<b>Act 94 (HB1064)</b> Provides income tax deductions for Health Savings Accounts	\$ 610,000	\$ 850,000
<b>Act 668 (HB1393)</b> Provides income tax deductions for organ donation	\$ 76,000	\$ 76,000
<b>Act 877 (HB1589)</b> Provides a sales tax exemption on electricity purchases utilized for production of chlor-alkali material	\$ 1,100,000	\$ 1,100,000
<b>Acts 1232 &amp; 1296 (HB2465 &amp; SB417)</b> Amend the Arkansas Consolidated (Economic Development) Incentive Act of 2003	\$ 3,500,000	\$ 3,700,000
<b>Act 1277 (HB2783)</b> Creates incentives for nonprofit organizations	\$ 1,900,000	\$ 2,000,000
<b>Act 1441 (HB2099)</b> Allows a sales tax exemption on instructional materials	\$ 67,000	\$ 68,000
<b>Act 1865 (HB2480)</b> Creates a sales and use tax exemption for qualified museums	\$ -	\$ 1,000,000
<b>Act 1973 (SB286)</b> Creates the Tax-Deferred Tuition Savings Program	\$ 441,000	\$ 584,000
<b>Act 2132 (SB511)</b> Provides a sales tax exemption for the Arkansas Symphony Orchestra	\$ 21,000	\$ 21,000
<b>Act 2162 (SB1168)</b> Provides a sales tax exemption on receipts collected by certain public institutions for motor vehicle parking	\$ 94,000	\$ 94,000
<b>HB 2168 (HB1283)</b> Provides a sales tax exemption for the process of livestock reproduction	\$ 19,000	\$ 19,000
<b>Act 2187 (HB1628)</b> Increases the state income tax exemption for armed services personnel	\$ 817,000	\$ 931,000

**Estimated General Revenues  
2005-2007 Biennium  
Regular Session, 2005**

Act 2247 (HB2842) Creates the Arkansas Rice Straw Tax Credit Program	\$ 1,170,000	\$ 1,460,000
<b>Total Estimated Reductions in General Revenue Estimate</b>	<b>\$ 9,815,000</b>	<b>\$ 11,903,000</b>
<b>ADDITIONS TO GENERAL REVENUE:</b>		
Act 262 (SB254) Reduces interest paid on tax overpayments	\$ 50,000	\$ 50,000
Act 675 (SB309) Income Tax Technical Corrections	\$ 345,000	\$ 562,000
Act 1309 (SB543) Requires withholding of income tax from deferred income	\$ 50,000	\$ 50,000
Act 1982 (SB509) Allows income tax withholding on pass-through entities	\$ -	\$ 500,000
<b>Total Additions to General Revenue</b>	<b>\$ 445,000</b>	<b>\$ 1,162,000</b>
<b>Net Loss to General Revenue</b>	<b>\$ 9,370,000</b>	<b>\$ 10,741,000</b>

**Estimated General Revenues  
2003-2005 Biennium  
Regular Session, 2003**

	2003-2004 FY	2004-2005 FY
<b>DFA GENERAL REVENUE FORECAST 2/17/03</b>	\$3,376,500,000	\$3,503,600,000
<b>REDUCTIONS FROM GENERAL REVENUE:</b>		
<b>Act 182</b> Provides incentives for economic development and the creation of jobs.	\$1,100,000	\$1,100,000
<b>Act 218</b> Adopts IRS retirement provisions.	\$3,000,000	\$3,700,000
<b>Act 366</b> Allows the cooperation of municipal electric utilities regarding planning, construction, ownership and management of electric projects.	\$100,000	\$100,000
<b>Act 369</b> Regarding the definition of a private club.	\$20,000	\$20,000
<b>Act 598</b> Provides authority for Soil and Water Commission revenue bonds.	\$100,000	\$100,000
<b>Act 663</b> DFA Income Tax Technical Corrections.	\$1,100,000	\$1,700,000
<b>Act 860</b> Reinstates Income Tax Credits for the AR Capital Development Corporation.	\$500,000	\$500,000
<b>Act 993</b> Coal mining tax credit.	\$0	\$50,000
<b>Act 1112</b> Clarification regarding the taxation of dues and fees paid to clubs.	\$160,000	\$160,000
<b>Act 1287</b> Biofuel incentives.	\$200,000	\$200,000
<b>Act 1440</b> Tax credit for catastrophic metabolic disorders.	\$40,000	\$40,000
<b>Act 1808</b> To amend § 4-75-709 (b) and (c) as reflected in Act 627 of 2003.	\$6,000,000	\$6,000,000
<b>Total Estimated Reductions in General Revenue Estimate</b>	\$12,320,000	\$13,670,000

	2003-2004 FY	2004-2005 FY
<b>ADDITIONS TO GENERAL REVENUE</b>		
<b>Act 120</b> Alternative fuels and weatherization assistance fund creation.	\$500,000	\$500,000
<b>Act 627</b> Provides new law regarding cigarette prices.	\$6,000,000	\$6,000,000
<b>Act 662</b> Income tax credit clarifications.	\$250,000	\$250,000
<b>Act 759</b> Provides a cap to the Securities Department Fund.	\$2,500,000	\$2,500,000
<b>Act 965</b> Alteration of the income tax treatment of partnerships and limited liability companies in order to be consistent with federal law.	\$50,000	\$50,000
<b>Act 1183</b> Alteration of income tax law regarding out-of-state taxpayers.	\$1,300,000	\$0
<b>Act 1286</b> Clarification of interest deductions and expenses.	\$50,000	\$50,000
<b>Act 1724</b> Repeals the Working Taxpayer Credit.	\$18,600,000	\$23,300,000
<b>Total Additions to General Revenue</b>	\$29,250,000	\$32,650,000
<b>Net Gain to General Revenue</b>	\$16,930,000	\$18,980,000

### First Extraordinary Session, May 2003

	2003-2004 FY	2004-2005 FY
<b>DFA GENERAL REVENUE FORECAST REVISED 5/2/03</b>	\$3,374,500,000	\$3,501,700,000
<b>ADDITIONS TO GENERAL REVENUE:</b>		
<b>Act 38</b> General revenue enhancement bill; increased the cigarette tax by twelve dollars and fifty cents (\$12.50) per one thousand (1,000) cigarettes (which equates to twenty-five cents per pack) and an additional seven percent (7%) excise tax on cigars and all other tobacco products. In addition, this Act levies a three percent (3%) income tax surcharge on the tax liability of every person (and corporation) required to file an Arkansas income tax return.	\$94,700,000	\$106,900,000

**Total Cumulative Net Gain to General Revenue**

**\$111,630,000**

**\$125,880,000**

**Estimated General Revenues  
2001-2003 Biennium**

	<b>2001-2002 FY</b>	<b>2002-2003 FY</b>
<b>DFA GENERAL REVENUE FORECAST 3/29/01</b>	\$3,391,700,000	\$3,543,200,000
<b>REDUCTIONS FROM GENERAL REVENUE:</b>		
<b>Act 982</b> Provides for an income tax exemption associated with the interest income from bonds used for the consolidation of (inter) local water systems.	\$100,000	\$100,000
<b>Act 1065</b> Allows the addition of coal mines to be the recipient of tax incentives provided by the Enterprise Zone Act for economic development purposes.	\$35,000	\$35,000
<b>Act 1540</b> Allows for 50% of the growth in the general revenue residual (up to \$2M) to be diverted to the Fire Protection Premium Tax Fund.	\$2 million capped	\$2 million capped
<b>Act 1543</b> Increases the minimum monthly supplemental support (from \$15 to \$50) for the police pension program.	\$500,000	\$500,000
<b>Act 1683</b> Provides a sales and use tax exemption from the sale of packaging materials used for waste materials utilized for fuel.	\$100,000	\$100,000
<b>Act 1791</b> Provides income tax credits through DFA, to a designated venture capital investor group selected by ADFA. The investor group will capitalize the revolving fund and recipients will utilize the tax credits only as an offset to payments for income tax liability. Tax credits will not be refundable. The State Board of Finance must review and approve the issuance of tax credits. The designated investor group will publish an annual report and be subject to audit.	\$10 million capped	\$10 million capped
<b>Act 1837</b> Amendment to decrease the rate of state privilege taxation on simulcast greyhound or horse racing.	\$600,000	\$600,000
<b>Total Estimated Reductions in General Revenue Estimate</b>	\$13,335,000	\$13,335,000
<b>Post-2001 Session Estimated Net General Revenue Available for Distribution</b>	\$3,378,365,000	\$3,529,865,000

**Estimated General Revenues  
Previously Included in 3/29/01 Forecast**

	2001-2002 FY	2002-2003 FY
<b>ADDITIONS TO GENERAL REVENUE:</b>		
<b>Act 357</b> Allows qualified members of APERS, as an optional plan to retirement or DROP, a partial withdrawal of annuity. The withdrawal will be treated as taxable income.	\$100,000	\$100,000
<b>Act 922</b> Requires out-of-state vendors with significant connections to the state of Arkansas to collect use tax on sales to Arkansas customers. Where a vendor holds substantial ownership interest (Internal Revenue Code, Sec. 267), either directly or through a subsidiary, the retailer is responsible for the collection of use tax.	\$100,000	\$100,000
<b>Act 949</b> Increases the tax on rental vehicles and establishes the Arkansas Public Transit Trust Fund. The total expected revenue is \$3.9 million. The first \$2.9 of which is deposited in the trust fund. The residual amount of \$1 million will be deposited in the General Education Public School Fund Account to be utilized for teachers' salaries.	\$1,000,000	\$1,000,000
<b>REDUCTIONS FROM GENERAL REVENUE:</b>		
<b>Act 622</b> Removes the sunset clause and expiration, and thus, continues the sales and use tax exemption for the purchase of timber harvesting equipment.	\$1,000,000	\$1,000,000
<b>Act 628</b> Provides equal sales tax treatment of charitable gift shops regardless if location is in a for-profit, or non-profit, hospital.	\$2,000	\$2,000
<b>Act 634</b> Adopts the newly extended Medical Savings Account provisions of the IRS (Internal Revenue Code, Sec. 220).	\$300,000	\$300,000
<b>Act 727</b> Broadens the allowance of tax credits to commercial projects, in addition to the existing provisions for industrial and agricultural projects, associated with water conservation projects.	\$100,000	\$100,000
<b>Act 737</b> Amends the Economic Incentive Tax Credit Act to allow benefits to defense industry projects with at least a \$5 million investment and the addition of 250 full-time permanent jobs.	\$100,000	\$100,000
<b>Act 1294</b> Amendment to decrease the rate of state privilege taxation on pari-mutual horse racing.	\$1.7 million	\$1.7 million

Estimated General Revenues  
1999-2001 Biennium

	1999-2000 FY	2000-2001 FY
DFA GENERAL REVENUE FORECAST 4/16/99	\$3,199,500,000	\$3,387,100,000
<b>ADDITIONS TO GENERAL REVENUE:</b>		
<b>Act 1062</b> Provides that the sale of new tangible personal property by a charitable organization shall be subject to the sales tax when the sale directly competes with for-profit businesses.	\$100,000	\$100,000
<b>Act 1349</b> Levies the sales/use tax on the purchase of prepaid telephone cards.	\$324,000	\$324,000
Total Estimated Gain Over Official Forecast:	\$424,000	\$424,000
<b>REDUCTIONS FROM GENERAL REVENUE:</b>		
<b>Act 37</b> Amends the County and Regional Industrial Development Corporation Act to allow Limited Liability Companies to organize as Industrial Development Corporations.	\$20,000	\$20,000
<b>Act 144</b> Adopts the Federal Roth IRA Provisions for Arkansas income tax purposes.	\$415,000	\$415,000
<b>Act 473</b> Allows a portion of the odd cents "breakage" to be used to fund minus pools.	\$42,700	\$42,700
<b>Act 513</b> Adopts the Internal Revenue Service treatment of Individual Retirement Accounts including the new Roth IRA and the Educational Individual Retirement Accounts. (1)	\$499,115	\$540,250
<b>Act 765</b> Increases the maximum income tax credit from \$30,000 to \$200,000 for projects under the Water Resource Conservation and Development Incentives Act. The act also increases the cap on income tax credits from \$3 million to \$10 million.	\$300,000	\$300,000
<b>Act 817</b> Exempts the first \$6,000 of benefits received from a conventional IRA giving it the same tax treatment as other retirement plans.	\$0	\$3,197,750
<b>Act 900</b> Expands the eligibility of the Property Tax Relief Program by increasing the household income. The amount of the cash refund was also increased.	\$5,700,000	\$25,200,000
<b>Act 940</b> Expands the Property Tax Relief Program to allow a person of any age to qualify if disabled as defined in Title XIX of the Federal Social Security Act. Household incomes may not exceed \$16,000.	\$500,000	\$500,000



<b>Act 952</b> Provides for a sales tax refund to a purchaser of an agricultural aircraft purchased to replace an agricultural aircraft destroyed or damaged in the January 1999 storms.	\$17,100	\$0
<b>Act 1005</b> Changes the tax treatment on capital gains from a tax rate of 6% to exempting 30% of the capital gain.	\$12,391,000	\$13,320,000
<b>Act 1033</b> Exempts from the sales/use tax the sale of equipment and machinery used for the commercial agricultural production of sod and nursery products.	\$182,500	\$182,500
<b>Act 1036</b> Allows an income tax credit equal to 30% of the cost of tuition, books and fees reimbursed by the employer to a full-time permanent employee. Employee must be enrolled in undergraduate or post-graduate program.	\$540,000	\$540,000
<b>Act 1050</b> Establishes the Sparta Aquifer Critical Groundwater Counties Remediation Act. It authorizes the establishment of a board which may issue bonds and assess conservation fees. The bonds issued are exempt from all state and local taxes. Also the purchase of water metering devices are eligible for an income tax credit.	\$50,000	\$50,000
<b>Act 1113</b> Allows an income tax credit to a taxpayer for the purchase of special foods for a dependent with Phenylketonuria (PKU).	\$76,800	\$76,800
<b>Act 1126</b> Adopts various Internal Revenue Code Provisions.	\$2,025,000	\$2,853,000
<b>Act 1134</b> Provides an income tax credit for eligible companies that provide training and skill development programs to permanent full-time employees. The credit is capped at \$450,000 per year.	\$450,000	\$450,000
<b>Act 1152</b> Repeals the bingo tax and the annual registration fee. The act levies the sales tax upon any device used to play bingo and on admission charges.	\$239,000	\$239,000
<b>Act 1217</b> Creates the Family Savings Initiative Act which allows an income tax credit equal to 50% of the matching funds a taxpayer contributes to a qualified fiduciary organization for individual development accounts.	\$100,000	\$100,000
<b>Act 1231</b> Bans console and pusher machines. Also lowers from \$50 to \$12.50 the wholesale value of prizes.	\$215,000	\$215,000

<b>Act 1334</b> Exempts the first \$50,000 of the purchase price from the sales tax on machinery and equipment used to harvest timber.	\$852,000	\$852,000
<b>Act 1347</b> Allows an income tax credit equal to 33% of a taxpayer's contribution to public roads incentive fund.	Minimal	Minimal
Total Estimated Reductions in General Revenue Estimate	\$24,615,215	\$49,094,000
Total Adjustments to General Revenue	(\$24,191,215)	(\$48,670,000)
<b>Post-1999 Session Estimated Net General Revenue Available for Distribution</b>	<b>\$3,175,308,785</b>	<b>\$3,338,430,000</b>

(1) The revenue impact of the Roth IRA is reflected in Act 144.

**ESTIMATED GENERAL REVENUES  
1997-99 BIENNIUM**

<b>DFA GENERAL REVENUE FORECAST 4/28/97 Including the Following Tax Adjustments</b>	<b>1997-98 F.Y. \$2,847,200,000</b>	<b>1998-99 F.Y. \$2,899,700,000</b>
<b>ADDITIONS TO GENERAL REVENUE:</b>		
Act 735 imposes a 1% use tax in border cities to equalize sales and use tax rates.	\$240,000	\$240,000
Act 1001 establishes a tax amnesty program for taxpayers who were required to report taxes due prior to 1/1/97. The amnesty program will extend from 9/1/97 to 10/30/97.	\$3,100,000	\$3,100,000
Act 1337 creates the Tobacco Control Board and increases various tobacco license and permit fees.	\$295,000	\$295,000
<b>TOTAL ESTIMATED GAINS IN OFFICIAL FORECAST:</b>	<b>\$3,635,000</b>	<b>\$3,635,000</b>
<b>REDUCTIONS FROM GENERAL REVENUE:</b>		
Initiated Act 1 Campaign Contributions: provides a maximum income tax credit of \$50 for individual income tax returns and \$100 on joint returns.	\$2,400,000	\$3,300,000
Act 137 provides that promoters of county fairs do not have to collect sales tax from vendors.	\$15,000	\$15,000
Act 291 allows a credit of 25% of the approved cost of companies that plan to expend at least \$1 million and a credit of 10% for companies that plan to expend at least \$500,000 on a tourist project.	\$845,000	\$845,000
Act 328 increases the standard deduction to \$2,000 per taxpayer, exempts families below the poverty level, enacts a credit range from 2% to 4% for Social Security taxes paid, indexes tax brackets, doubles child care credit to 20% of allowable federal credit, eliminates capital gains on home sales, broadens eligibility for property tax refund. (1)	\$0	\$90,600,000
Act 421 increases the tax credit for surface water projects for industrial and commercial usage to \$30,000 with a carry forward provision of 4 years.	\$100,000	\$100,000

	1997-98 F.Y.	1998-99 F.Y.
Act 441 exempts repairs to fire protection and emergency equipment from the sales tax and the purchases of materials and supplies used in the construction and maintenance of volunteer fire departments.	\$400,000	\$400,000
Act 521 allows Cooperative Marketing Associations to irrevocably convert to non-profit status	\$500,000	\$500,000
Act 585 allows trustees the power to divide a trust into two or more separate trusts.	\$100,000	\$100,000
Act 590 allows a city, county or designated area of a city to establish a Red Imported Fire Ant Abatement district if approved by 10% of the qualified electors. The district may issue tax exempt bonds.	\$100,000	\$100,000
Act 603 exempts the gross receipts derived from the sale of tangible personal property or services to the Salvation Army.	\$15,000	\$15,000
Act 690 authorizes cities and counties to establish tax exempt authorities for equipping and operating intermodal facilities.	\$700,000	\$700,000
Act 704 - Same as Act 884.	-	-
Act 833 exempts from the real estate transfer tax the sale of homes priced \$60,000 or less and financed through FHA, VA or USDA.	\$25,000	\$25,000
Act 883 increases from 50% to 100% the deductions on capital gains on the sale of qualified stock.	\$0	\$250,000
Act 884 exempts from the sales tax the sale of prescription drugs to physicians; also provides that the withdrawal of prescription drug samples from inventory is not a taxable event.	\$245,228	\$245,228
Act 924 provides for a phase-in of disposition of use tax on aircraft related items, from General Revenue to Special Revenue.	\$700,000	\$700,000
Act 928 provides that vending machine operators may opt to continue to report sales tax under the provisions of the Special Sales Tax as it applies to vending machines or purchase a vending machine decal in lieu of sales tax.	\$600,000	\$600,000

	1997-98 F.Y.	1998-99 F.Y.
Act 951 makes technical correction concerning payment of use tax by contractors and out-of-state vendors who deliver merchandise into Arkansas in their own conveyance. Also readopts several Internal Revenue Code provisions to conform Arkansas income tax law with federal law.	\$525,000	\$525,000
Act 999 exempts from the sales tax the sale of gas produced from biomass.	\$145,000	\$145,000
Act 1075 allows a deduction from income for a portion of the tuition paid by the taxpayer to attend a post-secondary educational institution.	\$0	\$2,900,000
Act 1076 provides that the sales tax on long-term auto leases shall be calculated on the monthly lease levies; also levies an additional tax of 1.5.% on such leases. This act also taxes service contracts on motor vehicles.	\$2,700,000	\$2,700,000
Act 1117 provides tax incentives for qualified development and production in biotechnology.	\$650,000	\$650,000
Act 1168 expands the Youth Apprentice Program to include programs or occupations that meet criteria established by the Vocational & Technical Education Division.	\$0	\$500,000
Act 1189 lowers the test for dividend exclusion from 95% to 80% of stock ownership.	\$1,300,000	\$1,300,000
Act 1192 provides that the sales tax will be applicable to 62% of the gross selling price of new manufactured homes. and exempts used manufactured homes from the sales tax. (2)	\$1,900,000	\$1,900,000
Act 1222 exempts gross receipts derived from the sale of tangible personal property to the Heifer Project from sales tax.	\$60,000	\$60,000
Act 1232 raises the taxable floor from \$2,000 to \$2,500 on used motor vehicles; allows consumer trade difference if new vehicle is purchased within 45 days of sale of old vehicle. The provisions of this Act are effective 1/1/98.	\$4,200,000	\$4,200,000

	1997-98 F.Y.	1998-99 F.Y.
Act 1233 expands the manufacturing machinery exemption to include machinery that produces a protective coating and increases the quality and durability of a finished product.	\$500	\$500
Act 1252 exempts the gross receipts derived from the service of providing residential lawn care.	\$210,000	\$210,000
Act 1256 provides that district and state fairs and the four state livestock shows are not special events for the purpose of collecting sales tax. Carnival and midway vendors are still required to collect and remit sales tax.	\$23,000	\$23,000
Act 1263 repeals the sales tax levy on the service of credit reporting and debt collecting.	\$763,000	\$763,000
Act 1266 excludes from the sales tax the value of tangible personal property donated to National Guard members, emergency service workers or volunteers providing services to a county which has been declared a disaster area by the Governor.	\$45,000	\$45,000
Act 1331 establishes the Affordable Neighborhood Housing. Provides a credit of up to 30% of the investment by businesses if approved by Arkansas Development Finance Authority.	\$750,000	\$750,000
Act 1332 provides an income tax credit equal to 20% of the Federal Low Income Housing Credit for qualified projects approved by Arkansas Development Finance Authority.	\$250,000	\$250,000
Act 1345 allows individuals to contribute up to \$4,000 per year to an Intergenerational Trust account and exclude such contribution from gross income.	\$200,000	\$200,000
Act 1348 provides a credit voucher for sales tax paid on vehicles destroyed by acts of nature within 180 days of the purchase date.	\$335,000	\$335,000
<b>TOTAL ESTIMATED REDUCTIONS IN GENERAL REVENUE ESTIMATE:</b>	<b>(\$20,801,728)</b>	<b>(\$115,951,728)</b>
<b>TOTAL ADJUSTMENTS TO GENERAL REVENUES:</b>	<b>(\$17,166,728)</b>	<b>(\$112,316,728)</b>

- (1) The provisions of this Act are effective 11/15/98. If the sales tax on food is decreased or removed by act of the General Assembly or by referendum, the provisions of this Act do not go into effect.
- (2) The total loss is \$2.6 million with \$1.9 million in general revenues and \$700,000 from the Educational Excellence Trust Fund due to the sales tax exemption on used manufactured homes.