

Department of Finance and Administration

Legislative Impact Statement

Bill: HB2000

Bill Subtitle: TO AMEND THE LAW CONCERNING THE PENALTY IMPOSED FOR PAYING TAXES, LICENSES, OR FEES WITH A CHECK OR OTHER FORM OF PRESENTMENT DRAWN ON AN ACCOUNT WITH INSUFFICIENT FUNDS.

Basic Change : Sponsor: Rep. Gates

Currently, Arkansas law imposes a fee on returned checks or bank drafts. The fee is 10% of the face amount check or bank draft or \$20, whichever is greater. HB2000 would make this fee not exceed \$50. The bill is effective 90 days after adjournment.

Revenue Impact :

\$350,000 per year.

Taxpayer Impact :

Taxpayers who make an insufficient funds payment to DFA in excess of \$500 will pay a maximum penalty of \$50.

Resources Required :

None

Time Required :

Adequate time provided.

Procedural Changes :

Computer programs will be modified to apply the proper penalty amount.

Legal Analysis :

The bill reduces the maximum penalty a taxpayer would be charged if they make an insufficient funds payment to DFA. Currently, the penalty is 10% of the payment amount or \$20, whichever is greater. This bill would provide a maximum penalty of \$50.

The bill is effective 90 days after adjournment.