

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB864**

**Amendment Number: S1**

**Bill Subtitle: TO AMEND THE ARKANSAS TOURISM DEVELOPMENT ACT; AND TO PROVIDE TAX INCENTIVES FOR DEVELOPMENT PROJECTS THAT ARE IN AREAS THAT ARE IN NEED OF REDEVELOPMENT.**

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**Basic Change :** Sponsor: Senator B. Sample

Senate Amendment 1 ---The proposal amends the Arkansas Tourism Development Act to allow a tourism development project located in a redevelopment area to receive a sales tax credit equal to 25% of the approved project cost instead of 15% of approved cost. Under current law, only projects located in a high-unemployment county may receive the 25% credit. Under this proposal, if a project locates in an area that is blighted, deteriorated, or experiencing a significant loss of commerce, industry, tourism, or employment, then the project qualifies for the 25% credit even though the county has not been designated as a high-unemployment county by the Arkansas Economic Development Commission.

**Revenue Impact :**

Additional sales tax credits would be issued if a tourism development project were to be approved in a redevelopment area defined as blighted, deteriorated, or experiencing a significant loss of commerce, industry, tourism, or employment.

[Example: If a \$20,000,000 approved tourism development project locates in a redevelopment area, an additional \$2,000,000 in sales tax credits would be created over the current tax credit amount of \$3,000,000 for a total sales tax credit of \$5,000,000. The tax credit would apply against the increased state sales taxes resulting from the project.]

**Taxpayer Impact :**

Taxpayers located in a redevelopment area will be eligible for a larger tax credit.

**Resources Required :**

None.

**Time Required :**

Adequate time is provided for implementation.

**Procedural Changes :**

Education of staff and rule updates.

**Legal Analysis :**

SB864-S1 amends a shell bill, SB864, as originally introduced. The definition of "redevelopment area" is added to the Arkansas Tourism Development Act at § 15-11-503(15). SB864-S1 amends § 15-11-507 to add redevelopment areas to be eligible for the tourism attraction project sales tax credit equal to twenty-five percent (25%) of approved costs. No effective date is specified in the bill.