

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1582**

**Bill Subtitle: TO EXEMPT CERTAIN ELECTION EQUIPMENT FROM SALES AND USE TAXES;  
AND TO DECLARE AN EMERGENCY.**

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### Basic Change :

**Sponsor: Representative Dotson**

HB1582 would exempt from Arkansas sales and use tax the purchase of election equipment. The tax exemption would be effective on the date approved by the Governor and expire on December 31, 2018.

The bill defines "election equipment" as hardware associated with voting or tabulating votes during or after an election or during testing in preparation for an election, including:

- Vote tabulating machines;
- Laptop computers designed or programmed for use in the election process;
- Vote marking devices;
- Electronic poll books;
- Stands, kiosks, privacy booths, or other devices utilized specifically to mount or display voting equipment;
- Connecting hardware, cables, modems, or other wiring devices utilized with voting equipment in an election; and
- Printers or other peripherals used during the election equipment testing process, the voting process, or the counting and tabulating process of an election.

### Revenue Impact :

\$2.56 Million Reduction in State Revenues

The Act would be effective on the date approved by the Governor and expire on December 31, 2018. Purchases eligible for the exemption could occur during FY2017, FY2018 and FY2019 dependent of financial resources of the governmental purchasing entities.

Total Reduction in State Revenues --- -\$2.56 million

- \$ 1,716,264 --- State General Revenue (4.5%)
- \$ 333,718 --- Educational Adequacy (.875% tax)
- \$ 190,696 --- Property Tax Relief Trust Fund (.5%)
- \$ 47,674 --- Conservation Tax (.125%)
- \$ 190,696 --- Highway Fund (.5%)
- \$ 56,342 --- State Central Services
- \$ 25,610 --- Constitutional Officers

[ The impact is based on the 1.7 million registered voters reported by the Secretary of State voting at approximately 832 polling locations in the state. Each machine and hardware is estimated to have a cost of \$5,500 with a total of 6,310 machines needed to accommodate the 832 polling locations. An additional ballot casting device costs \$5,635 per unit is also needed per polling location.]

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### **Taxpayer Impact :**

Sellers of election equipment as defined in the bill would not collect and remit state or local sales taxes during the exemption period.

### **Resources Required :**

None.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

None.

### **Other Comments :**

None.

### **Legal Analysis :**

The bill is titled "An Act to Exempt Certain Election Equipment from Sales and Use Tax" in an uncodified section. Tax exemptions are generally placed in codified provisions of the code and this creates an irregularity with other tax exemptions administered by the Department of Finance and Administration. HB1582 exempts certain election equipment from gross receipts (sales) tax and compensating (use) tax. The bill defines "election equipment" as hardware associated with voting and tabulating votes during or after an election, or during testing in preparation of an election, and includes a detailed list of hardware items that fall within the definition. The list includes items, not used directly in the voting process, but in testing and quality control which could be repurposed for another use creating a possible diversion of exempt items for uses outside the intent of the bill. Next, the bill creates a sunset clause in another uncodified section, which terminates the election equipment exemption on December 31, 2018.