

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1618

Bill Subtitle: TO CREATE A SALES AND USE TAX EXEMPTION FOR WASHER-EXTRACTORS USED BY A FIRE DEPARTMENT.

Basic Change :

Sponsors: Reps. Gonzales and Vaught; Sen. Teague

HB1618 would create a sales and use tax exemption for the purchase of washer-extractors by Arkansas fire departments and interlocal councils of Arkansas counties. The washer-extractors are used by fire departments to clean fire protection clothing and turnout gear worn by firefighters.

Act 962 of 2017, Arkansas Code § 14-284-412, requires all Arkansas fire departments to have access to a washer-extractor that is capable of one hundred gravitational force (100 g-force) of spin to be installed by January 1, 2022. The washer-extractor has the capability to remove impurities and potential carcinogens absorbed into the firefighter's clothing and turnout gear from gasses released during burning. Act 962 also authorized multiple fire departments through interlocal agreement to share the use of a washer-extractor to meet the Act's requirements.

The sales and use tax exemption for the purchase of a washer-extractor would be effective on the first day of the calendar quarter following the effective date of this Act (October 1, 2019).

Revenue Impact :

FY2020

-\$20,000 Total Loss to State Revenues

(8 months reduced tax collections)

-\$ 13,417 --- State General Revenue (4.5%)
-\$ 2,609 --- Educational Adequacy (.875% tax)
-\$ 1,491 --- Property Tax Relief Trust Fund (.5%)
-\$ 373 --- Conservation Tax (.125%)
-\$ 1,491 --- Highway Fund (.5%)
-\$ 0 --- Educational Excellence Trust Fund
-\$ 0 --- Educational Adequacy (GR transfer)
-\$ 420 --- State Central Services
-\$ 200 --- Constitutional Officers
Loss to Local City and County Sales Tax - \$5,000

FY2021

-\$30,000 Total Loss to State Revenues

-\$ 17,028 --- State General Revenue (4.5%)
-\$ 3,913 --- Educational Adequacy (.875% tax)
-\$ 2,236 --- Property Tax Relief Trust Fund (.5%)
-\$ 559 --- Conservation Tax (.125%)
-\$ 2,236 --- Highway Fund (.5%)
-\$ 2,846 --- Educational Excellence Trust Fund
-\$ 252 --- Educational Adequacy (GR transfer)
-\$ 630 --- State Central Services

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-\$ 300 --- Constitutional Officers
Loss to Local City and County Sales Tax - \$10000

[Revenue Impact Estimate Assumes - 1,003 Arkansas Fire Departments purchase or share in the purchase of a total of 300 washer-extractors during the next 3 years prior to 2022. Estimated price per unit - \$4,500.]

Taxpayer Impact :

Arkansas fire departments and county governments could purchase washer-extractors exempt from sales tax.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Notification to registered retailers of the new tax exemption.

Other Comments :

None.

Legal Analysis :

None.