

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1725

Bill Subtitle: TO REPEAL UNUSED PROVISIONS OF THE TAX CODE; TO REPEAL THE INCOME TAX CREDIT FOR THE PURCHASE OF A CIGARETTE RECEPACLE; AND TO REPEAL A PROVISION CONCERNING INTEREST ON ESTATE TAX DEFICIENCIES AND OVERPAYMENTS.

Basic Change :

Sponsor: Rep. M. Gray

HB1725 repeals § 26-18-508(6) concerning interest collected on the estate tax and repeals § 26-51-514 concerning the cigarette receptacle tax credit. Both of those Arkansas Code provisions are unused and obsolete.

Revenue Impact :

None.

Taxpayer Impact :

The estate tax has been repealed and the cigarette receptacle tax credit was never active. Act 645 of 2003 repealed Arkansas Estate Tax for estates of those who died on or after January 1, 2005. No estate tax return is required by the State of Arkansas for any decedents after December 31, 2004.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

HB1725 repeals unused portions of the Arkansas Code because they were never fully adopted or because related laws have been repealed.

Arkansas law provides for an income tax credit to certain businesses for the purchase of a cigarette receptacle. Act 1500 of 2009 provided that the credit would become effective when the Chief Fiscal Officer of the State certifies that additional funding has been provided to state general revenues from other funding sources and is available for use during fiscal year. However, the act also provided that the credit would expire at any time that the Chief Fiscal officer of the State determines that additional

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funding from sources other than state general revenues does not exist in an amount sufficient to replace the general revenue reduction for that fiscal year from the allowance of the credit. This act would repeal that credit.

Further, Arkansas law provides for 10% interest per annum for delinquent payment of taxes and for refunds of overpayments. However, when Arkansas formerly imposed an estate tax, the interest rate was 4% per annum when the taxpayer elected to defer payment of the estate tax. Because Arkansas no longer imposes an estate tax, this section is no longer needed in the Arkansas Code.