

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1987

Bill Subtitle: TO AMEND THE EFFECTIVE DATE PROVISION OF ACTS 2017, NO. 141, FOR CERTAIN SECTIONS OF THE ACT.

Basic Change :

Sponsor: Representative C. Fite

The bill would amend the effective date of the exemption from the Soft Drink Tax on "any simple syrup used in preparing tea" as provided in Act 141 of 2017. Under Act 141, the exemption would be effective on January 1, 2018. The bill would change the effective date of the exemption to be 90 days after final adjournment of the 91st General Assembly.

Revenue Impact :

FY2018 - Minimal Impact to Revenues Deposited to the Arkansas Medicaid Program Trust Fund.

[Under Act 141 of 2017, the exemption from the soft drink tax for simple syrups used in sweetened tea will reduce revenues for 6 months during FY2018 with an effective date for the exemption of January 1, 2018. HB1987 would change the effective date for the exemption to 90 days after final adjournment of the General Assembly which will result in approximately 5 additional months of reduced tax collections on simple syrups used for preparation of sweetened tea during FY2018. Industry sources indicate that a new automated sweetened tea brewing system is being implemented in the restaurant industry in Arkansas. The automated system will utilize simple syrup as the sweetener versus the use of sugar in the manual preparation method. Implementation of the automated system is in its initial stages.]

Taxpayer Impact :

Taxpayers who use simple syrups in the production of tea would have reduced taxation beginning 90 days after final adjournment of the 91st General Assembly.

Resources Required :

None.

Time Required :

Adequate time is allowed for implementation.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

None.