

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1705**

**Bill Subtitle: TO AMEND THE LAW CONCERNING THE HEARING AND APPEAL OF STATE TAX DISPUTES; AND TO PROVIDE CONFORMING CHANGES RELATED TO THE CREATION OF THE INDEPENDENT TAX APPEALS COMMISSION ACT.**

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### **Basic Change :**

**Sponsors: Rep. J. Jett  
Sens. J. Dismang and B. Johnson**

HB1705 amends the Arkansas Tax Procedure Act (ATPA) by transferring all duties of the Office of Hearings and Appeals within DFA to the Tax Appeals Commission (Commission), which would be created under HB1468. DFA will no longer accept administrative protests under the Tax Procedure Act after January 1, 2023. After that date, taxpayers must file all protests of taxes governed by the Tax Procedure Act with the Commission.

HB1705 makes additional conforming changes to the ATPA related to the creation of the Commission:

- Authorizes hearings before the Commission;
- Provides a sunset date for hearings by the Office of Hearings and Appeals;
- Allows disclosure of confidential taxpayer information to the Commission and requires the Commission to maintain the confidentiality of that information;
- Codifies existing hearing processes currently handled administratively by DFA;
- Authorizes taxpayers and DFA to seek judicial relief from a decision of the Commission; and
- The bill requires publication of Commission decisions on the state's website.

HB1705 contains a contingency clause that prevents HB1705 from becoming effective unless HB1468 of 2021 is enacted.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

Procedures for obtaining relief under the Arkansas Tax Procedure Act would be amended to comply with the creation of the Tax Appeals Commission.

### **Resources Required :**

Programming changes will be required. New forms will need to promulgated.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

DFA personnel and the taxpayer community will need to be educated on the new procedures.

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**Other Comments :**

None.

**Legal Analysis :**

HB1705 contains a contingent effectiveness clause that prevents HB1705 from becoming effective unless Arkansas law is amended to allow the Tax Appeals Commission to hear and determine tax appeals. It will not become effective unless HB1468 of 2021 is enacted during the 93rd Regular Session of the General Assembly. If HB1468 is not enacted, HB1705 will expire retroactively upon adjournment.

If all contingencies are satisfied, then HB1705 will become effective on January 1, 2023.