

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4
5 By: Representative Rye
6

A Bill

HOUSE BILL 1693

For An Act To Be Entitled

8 AN ACT TO AMEND THE DISTRIBUTION AND USE OF SALES AND
9 USE TAX REVENUES; TO AMEND THE INCOME TAX IMPOSED ON
10 INDIVIDUALS, TRUSTS, AND ESTATES BASED ON THE USE OF
11 SALES AND USE TAX COLLECTED FROM SELLERS THAT DO NOT
12 HAVE A PHYSICAL PRESENCE IN THE STATE; TO DISTRIBUTE
13 A PORTION OF THE SALES AND USE TAX COLLECTED FROM
14 SELLERS THAT DO NOT HAVE A PHYSICAL PRESENCE IN THE
15 STATE TO THE STATE HIGHWAY AND TRANSPORTATION
16 DEPARTMENT FUND; AND FOR OTHER PURPOSES.

Subtitle

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19 TO AMEND THE DISTRIBUTION AND USE OF
20 SALES AND USE TAX REVENUES.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code § 26-51-201(e), concerning the income tax
27 imposed on individuals, trusts, and estates, is amended to read as follows:

28 (e) If the director determines that federal law authorizes the state
29 to collect sales and use tax from sellers that do not have a physical
30 presence in the state, then after the first twelve (12) months of collecting
31 sales and use tax from sellers that do not have a physical presence in the
32 state, the director shall:

33 (1) ~~After making the deductions required under § 19-5-~~
34 ~~202(b)(2)(B)(i), certify to the Governor and the Office of Economic and Tax~~
35 ~~Policy the amount of available net general revenues attributable to the~~
36 ~~collection of sales and use tax from sellers that do not have a physical~~



1 ~~presence in the state during the first twelve (12) months of collections;~~
 2 ~~(2) Use any amount under subdivision (e)(1) of this section that~~
 3 ~~exceeds seventy million dollars (\$70,000,000) § 26-52-107(b)(2)(B)(iii)(b) to~~
 4 ~~reduce the rate of four and five tenths percent (4.5%) six and nine-tenths~~
 5 ~~percent (6.9%) in the table contained in subdivision (a)(7) (a)(9) of this~~
 6 ~~section equally for all taxpayers subject to the rate of four and five tenths~~
 7 ~~percent (4.5%) six and nine-tenths percent (6.9%);~~

8 ~~(3) (2) Certify the amount of the reduction of the income tax~~
 9 ~~rate under this subsection to the Governor and the Office of Economic and Tax~~
 10 ~~Policy; and~~

11 ~~(4) (3) Incorporate the reduced income tax rate into the table~~
 12 ~~prescribed under subsection (d) of this section, which shall be applicable~~
 13 ~~for each tax year thereafter.~~

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 15 SECTION 2. Arkansas Code § 26-52-107 is amended to read as follows:
 16 26-52-107. Disposition of taxes, interest, and penalties.

17 (a) All Except as provided in subsection (b) of this section, the
 18 taxes, interest, penalties, and costs received by the Director of the
 19 Department of Finance and Administration under the provisions of this chapter
 20 and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., shall be
 21 general revenues and shall be deposited into the State Treasury to the credit
 22 of the State Apportionment Fund. The Treasurer of State shall allocate and
 23 transfer the same to the various State Treasury funds participating in
 24 general revenues in the respective proportions to each as provided by, and to
 25 be used for the respective purposes set forth in, the Revenue Stabilization
 26 Law, § 19-5-101 et seq.

27 (b)(1) After making the deductions required under § 19-5-
 28 202(b)(2)(B)(i), the sales and use taxes, interest, penalties, and costs
 29 received by the director from sales by sellers who do not have a physical
 30 presence in this state shall be deposited as follows:

31 (A) The first fifteen million dollars (\$15,000,000) shall
 32 be deposited as general revenues into the State Apportionment Fund; and

33 (B) The remainder shall be deposited into the State
 34 Highway and Transportation Department Fund.

35 (2) However, if the director determines that federal law
 36 authorizes the state to collect sales and use taxes from sellers that do not

1 have a physical presence in the state:

2 (A) After making the deductions required under § 19-5-
 3 202(b)(2)(B)(i), the director shall certify to the Governor and the Office of
 4 Economic and Tax Policy the amount of available net general revenues
 5 attributable to the collection of sales and use tax from sellers that do not
 6 have a physical presence in the state; and

7 (B) Beginning July 1, 2018, the amount certified under
 8 subdivision (b)(2)(A) of this section shall be distributed as follows:

9 (i) The first fifteen million dollars (\$15,000,000)
 10 shall be deposited as general revenues into the State Apportionment Fund; and

11 (ii) The remainder shall be distributed as follows:

12 (a) Fifty percent (50%) shall be deposited
 13 into the State Highway and Transportation Department Fund; and

14 (b) Fifty percent (50%) shall be used as
 15 described in § 26-51-201(e).

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 17 SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective
 18 on the first day of the calendar quarter following the effective date of this
 19 act.