

Department of Finance and Administration

Legislative Impact Statement

Bill: SB783

Bill Subtitle: TO CREATE AN EXEMPTION FROM THE SALES AND USE TAX FOR CERTAIN PREGNANCY RESOURCE CENTERS.

Basic Change :

Senator J. Key

The proposal would amend Arkansas sales and use tax code provisions to include rural pregnancy resource centers within the entities and organizations exempt from state and local sales and use taxes on purchases of property and services. To be eligible for the exemption, the center must be located within the city limits of an Arkansas city or town with a population that does not exceed 10,000 according to the most recent federal decennial census. Rural pregnancy resource centers are defined to mean nonprofit organizations that provide help and resources to pregnant women regarding matters related to their pregnancy. The proposal would be effective on the first day of the calendar quarter following the effective date of the act.

Revenue Impact :

FY14 Tax Decrease

Total Impact to State Revenues - **\$21,700**
[8 Months of Reduced Tax Collections -- 10/1/2013 Effective Date]

-\$14,527 --- State General Revenue (4.5%)
-\$ 2,825 --- Educational Adequacy (.875% tax)
-\$ 1,614 --- Property Tax Relief Trust Fund (.5%)
-\$ 404 --- Conservation Tax (.125%)
-\$ 1,614 --- Highway Fund (.5%)
-\$ 0 --- Educational Excellence Trust Fund
-\$ 0 --- Educational Adequacy (GR transfer)
-\$ 499 --- State Central Services
-\$ 217 --- Constitutional Officers
Total Impact to City and County Sales Tax - \$7,000

FY15 Tax Decrease

Total Impact to State Revenues - **\$32,500**

-\$19,522 --- State General Revenue (4.5%)
-\$ 4,231 --- Educational Adequacy (.875% tax)
-\$ 2,418 --- Property Tax Relief Trust Fund (.5%)
-\$ 604 --- Conservation Tax (.125%)
-\$ 2,418 --- Highway Fund (.5%)
-\$ 2,054 --- Educational Excellence Trust Fund
-\$ 182 --- Educational Adequacy (GR transfer)
-\$ 748 --- State Central Services
-\$ 325 --- Constitutional Officers
Total Impact to City and County Sales Tax -\$10,500

Department of Finance and Administration

Legislative Impact Statement

Bill: SB783

Bill Subtitle: TO CREATE AN EXEMPTION FROM THE SALES AND USE TAX FOR CERTAIN PREGNANCY RESOURCE CENTERS.

Taxpayer Impact :

The eligible pregnancy resource centers would register with DFA and receive an exemption certificate that would be used to claim the exemption from sales tax to sellers at the time of purchase. Businesses selling to the community centers would be required to maintain adequate records to substantiate the exempted sales amounts.

Resources Required :

None

Time Required :

Adequate time is allowed in the proposal for implementation.

Procedural Changes :

Education of staff personnel and amend existing rules to reflect the new exemption. Register rural pregnancy resource centers.

Legal Analysis :

This bill creates a sales and use tax exemption for sales made to a rural pregnancy resource center defined as a nonprofit organization that provides help and resources to women regarding matters related to their pregnancy, and which is located in a city or town with a population that does not exceed 10,000. This exemption contains no limitations and would apply to purchases of all kinds.

Corporations in Morrilton, Conway, Hot Springs, Mena, Arkadelphia, Jonesboro, and Mountain Home that contain the words "pregnancy resource" in the corporate name are currently registered with the Secretary of State and in good standing.

Effective date: first day of the calendar quarter following the effective date of this act.