

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB783**

**Amendment Number: S1**

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

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### Basic Change :

Senator J. Key

Senate Amendment 1 --- Amends the bill to provide that the sales and use tax exemption will apply to purchases by rural pregnancy resource centers located in Arkansas cities with populations that do not exceed 20,000.

Original Bill --- 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 - \$33,333  
[ 8 Months of Reduced Tax Collections -- 10/1/2013 Effective Date ]

-\$22,315 --- State General Revenue (4.5%)  
-\$ 4,339 --- Educational Adequacy (.875% tax)  
-\$ 2,479 --- Property Tax Relief Trust Fund (.5%)  
-\$ 620 --- Conservation Tax (.125%)  
-\$ 2,479 --- Highway Fund (.5%)  
-\$ 0 --- Educational Excellence Trust Fund  
-\$ 0 --- Educational Adequacy (GR transfer)  
-\$ 767 --- State Central Services  
-\$ 333 --- Constitutional Officers  
Total Impact to City and County Sales Tax - \$10,800

#### FY15 Tax Decrease

Total Impact to State Revenues - \$50,000

-\$30,039 --- State General Revenue (4.5%)  
-\$ 6,509 --- Educational Adequacy (.875% tax)  
-\$ 3,719 --- Property Tax Relief Trust Fund (.5%)  
-\$ 930 --- Conservation Tax (.125%)  
-\$ 3,719 --- Highway Fund (.5%)  
-\$ 3,155 --- Educational Excellence Trust Fund  
-\$ 279 --- Educational Adequacy (GR transfer)  
-\$ 1,150 --- State Central Services  
-\$ 500 --- Constitutional Officers

Total Impact to City and County Sales Tax -\$16,000

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### **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 pregnancy resource centers would be required to maintain adequate records to substantiate the exempted sales amounts.

### **Resources Required :**

None

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

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

### **Legal Analysis :**

SB783, as amended, changes the meaning of "a rural pregnancy resource center" to mean a resource center that is located in a city or town with a population not exceeding 20,000. In the original bill, the population limitation was 10,000. The bill, as amended, will increase the number of rural pregnancy resource centers that will be eligible for the exemption. This exemption contains no limitations and would apply to purchases of all kinds.