

**MINUTES FROM THE
JOINT COMMITTEE ON ECONOMIC AND TAX POLICY
MEETING**

**Friday, May 13, 2016
Room B, MAC, Little Rock, Arkansas**

The Joint Committee on Economic and Tax Policy met at 10:00 a.m., Friday, May 13, 2016, in Room B-MAC.

Committee members in attendance: Representatives Jim Dotson (Co-Chair), David Branscum, Joe Jett, and Senators Larry Teague, Bill Sample, Bruce Maloch, and Greg Standridge.

Other members of the General Assembly in attendance: Representatives Bob Ballinger, Nate Bell, Justin Boyd, Kenneth Ferguson, Reginald Murdock, Micah Neal, and Senators Jimmy Hickey, Bryan King, and Jon Woods.

Representative Jim Dotson (Co-Chair) called the meeting to order and without objection, the minutes for May 6, 2015, were approved as written.

Without objection, Representative Dotson moved to adopt ISP's 2015-162 and 2015-163 for committee discussion.

ISP 2015-162 by Representative Justice Boyd "*REQUESTING THE ARKANSAS LEGISLATIVE COUNCIL REFER TO THE JOINT COMMITTEE ON ECONOMIC AND TAX POLICY A REQUEST TO STUDY SAVINGS THAT COULD BE ACHIEVED BY ELIMINATING OR REDUCING PAPER TAX FORMS PROVIDED BY THE DEPARTMENT OF FINANCE AND ADMINISTRATION.*" **[Exhibit C]**

Representative Boyd was recognized and introduced Mr. John Theis, Assistant Revenue Commissioner, Arkansas Department of Finance and Administration (DFA). Mr. Theis provided each committee member a handout regarding printing costs DFA expends mailing out various yearly tax forms. In 2015, DFA spent \$325,000 to print and mail out Sales tax and Withholding tax returns to businesses that use a paper form. \$150,232 was spent to print and mail out individual income tax-long forms and \$9,968 was spent to print and mail out Income tax-short forms. Mr. Theis stated DFA spent \$103,549 to print and mail Estimated Tax Vouchers to individuals who are self-employed or receive other types of income.

Representative Boyd suggested DFA offer an opt-in/opt-out option that might help decrease the number of tax vouchers being mailed out and reduce cost.

ISP 2015-163 By Representative Justin Boyd "*REQUESTING THAT THE ARKANSAS LEGISLATIVE COUNCIL REFER TO THE JOINT COMMITTEE ON ECONOMIC AND TAX POLICY A REQUEST TO STUDY IMPLICATIONS OF CHANGING THE TAX CODE SIMILAR TO THE STATE OF MAINE TO ALLOW THE LIMITATION OF PURCHASING CERTAIN FOOD AND FOOD INGREDIENTS BY RECIPIENTS OF THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.*" **[Exhibit D1, D2]**

Representative Boyd made opening remarks and introduced Mr. John Theis. Mr. Theis second handout gave an overview on the revenue impact of ISP-163 proposal. He stated changing the candy and soft drinks state sales tax rate from 1.5% to 6.5% will generate approximately \$20.7 million in state sales tax revenues.

Mr. Dennis Farmer, Arkansas Beverage Association, was recognized to list his concerns with ISP-163 proposal. Mr. Farmer stated he is also speaking on behalf of the Arkansas Oil Marketers Association, Arkansas Groceries and Retail Merchants Association and the Arkansas Hunger Relief Alliance. Mr. Farmer provided a handout from the American Beverage Association outlining the disadvantages of restricting SNAP purchases and how businesses including Arkansas food and beverage companies are participating with the Governor's Healthy Active Arkansas program to combat obesity and maintain healthy lifestyles.

Representative Bell questioned if changing the tax rate on soft drinks will impute double taxation on the state. He asked if revenues from the soft drink tax can be used as a public policy to supplement the Medicaid fund.

Mr. Larry W. Walther, Director, Mr. Tim Leathers, Deputy Director, and Dr. John Shelnett, Administrator, Economic Analysis, Department of Finance and Administration were recognized. Mr. Walther stated that economic indicators from the 2015-2107 Biennium Official General Revenue Forecast revised on February 1, 2016, remain unchanged. DFA will present an updated Revenue Forecast at the next ALC budget hearings scheduled November 1, 2016.

Ms. Debbie Rambo, Executive Director, Samaritan Community Center, was recognized to present her packet of information regarding the efforts her organization contributes to combating food insecurities around the state. Ms. Rambo requested the committee draft legislation to allow her organization an exemption from all state sales and use taxes.

Meeting adjourned at 11:14 a.m.