

Department of Finance and Administration

Legislative Impact Statement

Bill: SB1035

Bill Subtitle: TO PERMIT CITIES WITH AN ADVERTISING AND PROMOTION TAX TO SHARE THE COST OF AN AUDIT; AND TO REQUIRE THAT CERTAIN RECORDS BE PROVIDED TO A JOINT AUDITOR.

Basic Change :

Senator K. Ingram

Representative Ferguson

The bill allows DFA to disclose tax information contained in DFA's tax records to a joint auditor employed by cities or towns for the purpose of auditing the local A&P taxes. These local taxes are levied to support Advertising and Promotion of the city and are collected by the city government. The date disclosed to the joint auditor shall remain confidential. The bill also provides authority for a city or town to perform joint A&P tax audits. A joint auditor means the person with the necessary experience or training to assume the responsibility to perform a audit on behalf of the city. The auditor may review the records of the taxpayer. The joint auditor may also request any tax information in the books and records of DFA needed to perform the A&P tax audit. The proposal would be effective 90 days after final adjournment of the 89th General Assembly.

Revenue Impact :

None

Taxpayer Impact :

Taxpayers would be required to make their records available to the auditor upon request for review for purposes of auditing the local A & P tax.

Resources Required :

None

Time Required :

Adequate time is allowed in the proposal

Procedural Changes :

Establish procedure for confirmation with local government officials of a person's authority to review confidential tax records of DFA when they are performing an city audit for A & P taxes.

Legal Analysis :

SB1035 authorizes one or more local governments to enter into an agreement to jointly employ an auditor to examine the books and records of one or more taxpayers that are subject to the local advertising and promotion gross receipts tax levied under 26-75-601 et seq. The bill amends the confidentiality provisions of the Arkansas Tax Procedure Act to authorize DFA to disclose tax information from DFA's records that the auditor determines is necessary to perform an audit. The joint auditor cannot disclose the information and must maintain its confidentiality.

The bill would become effective 90 days after adjournment of the session.