

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB298**

**Amendment Number: Engrossment 4/16/13 (Am. #S1)**

**Bill Subtitle: TO CREATE AN EXEMPTION FROM THE SALES AND USE TAX FOR UTILITIES USED BY A GRAIN DRYING AND STORAGE FACILITY.**

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### **Basic Change :**

Senator J. Dismang

Engrossment 04/16/13 --- Senate Amendment 1 --- Amends the bill to provide an effective date of July 1, 2014 for the sales and use tax exemption for utilities used for on-farm and for commercial grain drying and storage.

Original Bill ---The proposal adds a new section to the Arkansas Gross Receipts (Sales) Tax code provisions to provide for an exemption from state and local sales and use tax for utilities used for on-farm and for commercial grain drying and storage. Eligible utilities for the exemption are defined as electricity, liquefied petroleum gas, and natural gas. The proposal requires separate utility metering for the drying facility to be eligible for the exemption and DFA may require the utility purchaser to obtain a certificate from DFA to provide to sellers to establish proof of eligibility. The proposal would be effective on the first day of the calendar quarter following the effective date of the act.

### **Revenue Impact :**

#### FY15 Tax Decrease

Total Impact to State Revenues - \$3.89 million

-\$ 2.44 million ---State General Revenue (4.5%)  
-\$ 0.47 million ---Educational Adequacy (.875% tax)  
-\$ 0.27 million ---Property Tax Relief Trust Fund (.5%)  
-\$ 0.12 million ---Conservation Tax (.125%)  
-\$ 0.46 million ---Highway Fund (.5%)  
-\$ 0 million ---Educational Excellence Trust Fund  
-\$ 0 million ---Educational Adequacy (GR transfer)  
-\$ 0.09 million ---State Central Services  
-\$ 0.04 million ---Constitutional Officers  
Total Impact to City and County Sales Tax - \$1.1 million

#### FY16 Tax Decrease

Total Impact to State Revenues - \$4.01 million

-\$ 2.14 million ---State General Revenue (4.5%)  
-\$ 0.49 million ---Educational Adequacy (.875% tax)  
-\$ 0.28 million ---Property Tax Relief Trust Fund (.5%)  
-\$ 0.12 million ---Conservation Tax (.125%)  
-\$ 0.48 million ---Highway Fund (.5%)  
-\$ 0.35 million ---Educational Excellence Trust Fund  
-\$ 0.03 million ---Educational Adequacy (GR transfer)  
-\$ 0.09 million ---State Central Services  
-\$ 0.04 million ---Constitutional Officers  
Total Impact to City and County Sales Tax - \$1.2 million

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**Taxpayer Impact :**

Sellers would be required to make adjustments to accounting systems to allow for the new exemption. Eligible purchasers would need to obtain the proper certification from DFA to provide the sellers.

**Resources Required :**

None

**Time Required :**

Adequate time is allowed in the proposal

**Procedural Changes :**

Education of staff, development of the certificate, and drafting of rules.