

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1178

Amendment Number: S2

Bill Subtitle: TO PROVIDE A SALES AND USE TAX EXEMPTION FOR A LESSEE OF AN INTERMODAL AUTHORITY IN CERTAIN CIRCUMSTANCES.

Basic Change : Rep. Pitsch

Senate Amendment 2 --- Replaces Amendment 1 to the original bill to require that the lessee's business that is located at the intermodal facility is carrying out the essential governmental function of the authority. Provisions in Am. #1 seeking to preserve the .5% tax under Am. #91 are removed.

Senate Amendment 1 --- Amends the bill to require that the lessee's business that is located at the intermodal facility is carrying out the essential governmental function of the authority. The amendment also provides that the lessee's business located at the intermodal facility would continue to be subject to the .5% state sales and use tax levied for highways under Constitutional Amendment 91.

Original Bill --- The bill amends the Regional Intermodal Facilities Act to extend the sales and use tax exemption for those intermodal facilities to entities that lease property at the facility for purposes of constructing new business establishments. The Regional Intermodal Facilities Act, provides for the creation of regional Authorities by Arkansas cities and counties for the purpose of acquiring, equipping, constructing, maintaining and operating regional intermodal facilities and have authority to lease property located at the facility. Authorities are exempt from payment of all state and local taxes on their intermodal operations. The bill would extend the exemption from state and local sales and use taxes to those who lease property from the Authority at the intermodal location. The exemption would only apply to those products and services purchased by the lessee for use at their intermodal location. The bill limits the exemption to those lessee's who have not ceased or substantially reduced operations of a similar nature at other locations within 50 miles of the intermodal location. The proposal would be effective 90 days after adjournment of the 90th General Assembly.

Revenue Impact :

No impact on current state revenues. No Arkansas intermodal Authorities currently lease property for purposes of constructing new business establishments at the intermodal location.

Taxpayer Impact :

Businesses leasing property from regional intermodal facility authorities would be exempt from sales and use tax on products and services purchased for use at their business establishments at the facility.

Resources Required :

None

Time Required :

Adequate time if provided for implementation

Procedural Changes :

Registration of eligible businesses leasing property at the regional intermodal authorities to allow their claiming of the sales and use exemption when making purchases.

Legal Analysis :

This amendment substitutes the word "facility" for the word "establishment" and adds an additional requirement that the lessee's facility be used for the governmental function intended.

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