

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1281

As Engrossed: 2/19/2015

Bill Subtitle: TO CREATE THE ARKANSAS PROPANE COUNCIL FOR THE PROMOTION OF THE PROPANE INDUSTRY IN ARKANSAS; AND TO CREATE A REFERENDUM.

Basic Change : Sponsor: Representative Richey

Engrossment 02/19/15 --- House Amendment 1 --- Amends the bill to provide that Arkansas State Tax Procedures will apply to the propane promotion fee that would be collected by DFA in the same manner as all other taxes and fees collected by the agency. The amendment also provides for the due date for monthly remittance and payment of the fee to be the twentieth day of the month next following the time of odorization or the time of import or manufacturer of odorized propane. The amounts to be deposited by the State Treasurer to the Constitutional Officers Fund and the State Central Services Fund would follow existing state law.

Original Bill --- The proposal would create the Arkansas Propane Council to promote the growth and development of the propane industry in Arkansas. The membership of the council would consist of members from propane retail dealers, propane wholesale dealers, propane suppliers and a member from the propane industry in general.

Within 90 days after the effective date of the act, the Council shall call an election to be held on the question of levying as assessment of four-tenths (0.4) of one cent per gallon of odorized propane imported into or produced in Arkansas. Each holder of a Liquefied Petroleum Gas Board class one, class three, class five, or class eight permit would be eligible to vote. If approved, the fee would become effective within 90 days of certification of the vote.

If approved, taxpayers subject to the new fee would report on a monthly basis to the Department of Finance and Administration. Fees collected would be special revenues and deposited to the "Arkansas Propane Council Fund". The proposal provides that three percent (3%) of the fee assessment and related penalties would be for the Constitutional Officers and the State Central Services Funds. The proposal would be effective 90 days after final adjournment of the 90th General Assembly.

Revenue Impact :

Fee assessments on liquefied petroleum gas would be deposited to the Arkansas Propane Council Fund.

Taxpayer Impact :

The proposed fee assessment would be reported and paid by the owner or seller of propane at the time of odorization, whether within or without the state, or at the time of import or manufacture of the odorized propane. The assessment will be based upon the volume in gallons of odorized propane placed into commerce in Arkansas, whether or not the owner or seller is located in Arkansas or is a resident of Arkansas

Resources Required :

Current budgetary resources should provide sufficient funding to modify computer systems, develop new forms and instructions and provide taxpayer assistance to affected taxpayers.

Time Required :

Adequate time for implementation will be available.

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Procedural Changes :

This proposal would require a new tax type to be established and the tax to be reported and remitted on separate returns. Education of the staff and the adoption of rules for the new tax would also be necessary.

Legal Analysis :

HB1281, as engrossed by Amendment No. 1, would require the reporting and remitting of assessments by the 20th day of the month next following the time of odorization, import, or manufacture of propane. The DFA Director would have discretionary, rather than mandatory, authority to adopt rules implementing the law. The Arkansas Tax Procedures Act would apply to all aspects of the law's enforcement. All funds collected would be deposited as special revenues into the Arkansas Propane Council Fund after deducting 1% to the Constitutional Officers Fund and 2.2% to the State Central Services Fund, the latter of which is adjustable by the State's Chief Fiscal Officer.