

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1916

Amendment Number: H1 (3/17/15 Engrossment)

Bill Subtitle: TO REQUIRE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO REPORT ON THE REVENUE IMPACT OF EACH TAX AND EACH TAX CREDIT, DEDUCTION, AND EXEMPTION.

Basic Change : Sponsor: Representative Gonzales

House Amendment 1 --- This proposal requires DFA to report a list of each tax credit, deduction, exemption, exclusion, and other incentives offered under state law and estimate the revenue impact of each one of those items based on the preceding fiscal year. The bill also requires DFA to estimate the tax revenue generated by each tax administered by DFA, including an estimation of tax revenue generated by each individual income tax bracket. The report is due from DFA on November 1st of each year and must be filed with the Legislative Council or the Joint Budget Committee if in session. Further, DFA is required to provide the estimations from the prior year's report and provide additional estimations for the fiscal year that follows the fiscal year of the report.

Revenue Impact :

None

Taxpayer Impact :

Additional tax reporting requirements and record keeping requirements may be imposed to capture the data necessary to comply with this bill.

Resources Required :

Additional employees would be required including employees with economics degrees or backgrounds. Many revenue impacts must be derived through the use of economic data and analyzed according to relevant factors to determine the impact for Arkansas.

It may also be necessary to capture additional information on various tax reports that is not currently captured. This will require DFA to modify tax reporting forms and processes to capture the additional information on tax reporting forms. Also, computer modifications will be needed to capture much of the information needed to comply with this bill.

Time Required :

Twelve months after enactment.

Procedural Changes :

Procedures will need to be written to obtain and compile reports. Employees will need to be hired.

Other Comments :

The bill has no effective date; the bill does not state when the first report will be due. It would be impossible to create the required reports by November 1, 2015.

Legal Analysis :

Amendment No. 1 requires DFA to report a list of each tax credit, deduction, exemption, exclusion, and other incentives offered under state law and estimate the revenue impact of each one of those items based on the preceding fiscal year. Additionally, DFA would be required to estimate the tax revenue generated by each tax administered by DFA, including an estimation of tax revenue generated by each individual income tax bracket. The Report is due on November 1st of each year and must be filed with the Legislative Council or the Joint Budget Committee if in session. Further, DFA is required to provide the estimations from the prior year's report and provide additional estimations for the fiscal year that follows the fiscal year of the report. The bill is effective 90 days after adjournment.