

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1821**

**Bill Subtitle: CONCERNING A PARTY IN AN ACTION FOR DECLARATORY RELIEF; AND TO DECLARE AN EMERGENCY.**

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### **Basic Change :**

**Sponsor: Rep. Balingier**

HB1821 amends the Arkansas Uniform Declaratory Judgments Act to provide that when declaratory relief is sought with respect to a tax, the person or entity whose revenue could be affected by the declaratory judgment is to be provided with a copy of the lawsuit and afforded the right to intervene. However, the party whose revenue could be affected is not required to be named as a party to the action. Under current law, all persons having any interest that would be affected by the declaration are to be made parties to the action. In addition, when the validity of a municipal ordinance or franchise is involved, current law requires that the municipality be made a party. If the statute, ordinance or franchise is alleged to be unconstitutional, current law requires the Attorney General to be served with the lawsuit.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

None.

### **Resources Required :**

None.

### **Time Required :**

None.

### **Procedural Changes :**

None.

### **Other Comments :**

None.

### **Legal Analysis :**

Municipalities and school districts will no longer be required to be named as a party when their interests will be affected by the issuance of a declaratory judgment. Instead, these parties will be notified of the action and will be provided the opportunity to intervene.

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The effect of this amendment on declaratory judgment actions involving state taxes is unclear. Some state taxes raise general revenues that are appropriated by the General Assembly. The proceeds from other state taxes are special revenues inuring to the benefit of one or more named parties. HB1821 appears to require that those entities receiving special revenues from state taxes are to be notified and given the opportunity to intervene. For general revenues, the beneficiary of those revenues will not be known until the revenues are appropriated by the General Assembly and notice would not be possible.