

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB2126**

**Bill Subtitle: TO TREAT THE LEASE OR RENTAL OF BEER KEGS EQUALLY WITH THE SALE OF BEER KEGS UNDER THE GROSS RECEIPTS TAX LAW.**

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### **Basic Change :**

**Sponsor: Representative G. McGill**

HB2126 would amend § 26-52-445 to include the lease or rental of a keg that is used to sell beer at wholesale by a wholesale manufacturer to be exempt from gross receipts tax and the compensating use tax.

Under current Arkansas law the lease or rental of an item of commerce would constitute a sale therefore the lease or rental of a keg to a beer wholesale manufacturer to be used to sell beer at wholesale is already exempt from gross receipts tax and the compensating use tax. The changes provided in HB2126 would just include the language in existing code to clarify the exemption.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

None.

### **Resources Required :**

None.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Education of staff and a revision of the rules will be necessary.

### **Other Comments :**

None.

### **Legal Analysis :**

HB2126 modifies Arkansas law to exempt the sale or lease of beer kegs from gross receipts tax that is used to sell wholesale beer. This exemption already exists for the sale of beer kegs. It should be noted that this exemption is only upon sale and compensating use tax. This modification does not exempt the collection of a one percent (1%) short-term rental excise tax on any rentals that occur for less than thirty days. See § 26-63-301(b)(1).