

Department of Finance and Administration

Legislative Impact Statement

Bill: SB628

Bill Subtitle: TO CLARIFY THAT AN ACCOMMODATIONS INTERMEDIARY IS REQUIRED TO COLLECT AND REMIT THE SALES TAX AND TOURISM TAX DUE ON ARRANGEMENTS THE ACCOMMODATIONS INTERMEDIARY MAKES FOR THE SALE OR USE OF AN ACCOMMODATION.

Basic Change :

Sponsor: Senator J. Dismang

SB628 would amend Arkansas sales and tourism tax provisions to provide that "accommodations intermediaries" would be required to collect and remit Arkansas taxes when furnishing an accommodation in Arkansas.

The bill defines an "accommodations intermediary" as a person other than the owner, operator, or manager of a room, suite, condominium, townhouse, rental house, or other accommodation. The service of "furnishing" an accommodation would include brokering, coordinating, making available for, or otherwise arranging for the sale or use of a room, suite, condominium, townhouse, rental house, or other accommodation by a transient guest. A hotel intermediary would be required to collect Arkansas state, city, county and the 2% tourism tax on all sales of accommodations.

The Act would be effective 90 days after final adjournment of the 92nd General Assembly.

Revenue Impact :

FY2020

+\$3,093,750 Total Gain to State Revenues – Sales and Tourism Taxes

(9 months of increased tax collections)

- +\$1,584,874 --- State General Revenue (4.5%)
- +\$731,250 ---Parks and Tourism
- +\$308,170 --- Educational Adequacy (.875% tax)
- +\$176,097 --- Property Tax Relief Trust Fund (.5%)
- +\$44,024 --- Conservation Tax (.125%)
- +\$176,097 --- Highway Fund (.5%)
- +\$64,969 --- State Central Services
- +\$30,938 --- Constitutional Officers
- Gain to City and county Sales Tax --- +\$787,000

FY2021

+\$4,248,750 Total Gain to State Revenues – Sales and Tourism Taxes

- +\$1,932,648 --- State General Revenue (4.5%)
- +\$973,118 ---Parks and Tourism
- +\$423,220 --- Educational Adequacy (.875% tax)
- +\$241,840 --- Property Tax Relief Trust Fund (.5%)
- +\$60,460 --- Conservation Tax (.125%)
- +\$241,840 --- Highway Fund (.5%)
- +\$89,224 --- State Central Services

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· +\$42,488 --- Constitutional Officers
Gain to City and county Sales Tax --- +\$1,080,000

Taxpayer Impact :

An accommodation intermediary that provides the service of furnishing accommodations to transient guests would collect and remit sales and tourism tax on the gross receipts from the sale.

Resources Required :

None.

Time Required :

Adequate time if provided for implementation.

Procedural Changes :

Updating of the sales tax rules will be required.

Other Comments :

None.

Legal Analysis :

SB628 amends §§ 26-52-301(3)(A) and 26-63-402(1) for gross receipts tax and tourism tax purposes to include an "accommodations intermediary" as an entity furnishing, making available for, or otherwise arranging for the sale or use of a room, suite, condominium, townhouse, rental house, or other accommodation by a purchaser. SB628 would require all accommodation intermediaries to prepare and collect the applicable sales and use tax along with the tourism tax on the service of furnishing accommodations to transient guests on a less than month-to-month basis.