

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1033**

**Bill Subtitle: TO REMOVE EXTRANEEOUS REFERENCES TO DIGITAL MAGAZINES IN THE SALES TAX LAWS; AND TO CLARIFY THE EXEMPTION OF A CAR WASH OPERATOR'S SALE OF A CAR WASH.**

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### **Basic Change :**

**Sponsor: Rep. Jett**

HB1033 clarifies provisions of Act 822 of 2019 by:

- Removing extraneous references to "digital magazines;"
- Clarifying the sales and use tax exemption for sales of car washes by car wash operators; and
- Providing a definition for "self-service bay" for purposes of the sales and use tax exemption for car wash operators.

This bill provides for an effective date of the first day of the calendar quarter following the effective date of this act.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

This bill clarifies for the taxpayer the existing sales and use tax exemption for car washes by car wash operators through an automatic car wash, car wash tunnel, or self-service bay.

### **Resources Required :**

None.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Updates to the Sales and Use Tax Rules and Automatic Car Wash, Car Wash Tunnels and Self-Service Bays Rules will need to be promulgated.

### **Other Comments :**

None.

### **Legal Analysis :**

HB1033 clarifies several provisions of Act 822 of 2019 by removing extraneous references to "digital magazines," clarifying the sales and use tax exemption for sales of car washes by car wash operators,

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and providing a definition for "self-service bay."

Currently, there is not a sales and use tax levy on the sale of digital magazines and Title 26 of the Arkansas Code does not provide a definition for "digital magazines." HB1033 removes unnecessary references to "digital magazines" that were included in § 26-52-103 by Act 822.

Next, the bill clarifies that the sale of car washes through a car wash tunnel, automatic car wash, or self-service bay are exempt from sales and use tax. While the intent of Act 822 appeared to desire an exemption for sales of car washes by car wash operators in exchange for the payment of a car wash water usage fee, Act 822 did not provide language to exempt the car wash sales by a car wash operator.

Finally, HB1033 provides a definition for "self-service bay." Act 822 references a definition for self-service bays in § 26-52-1601, but the section did not contain a definition for self-service bay.

Generally, HB1033 clarifies Act 822 and provides the Department of Finance and Administration guidance on how to administer its provisions. HB1033 has an effective date of October 1, 2021.