

Department of Finance and Administration

Legislative Impact Statement

Bill: SB528

Bill Subtitle: TO PROVIDE FOR THE DISCLOSURE OF LIMITED INFORMATION ON CERTAIN CREDITS AND REBATES OF SALES AND USE TAX TO IMPACTED LOCAL GOVERNMENTS.

Basic Change :

Sponsor: Sen. B. Sample

SB528 requires the Department of Finance and Administration (DFA) to provide a monthly electronic report of awarded credits or rebates of sales and use tax under §§ 26-52-427, 26-52-523, and 26-53-138 to impacted local governments. The report will include the amount of the credit or rebate and provide the name of the taxpayer. In order to receive the report, the city and county government shall register for an account with the Arkansas Taxpayer Access Point (ATAP) or its successor.

The bill amends the confidentiality provisions of § 26-18-303 to allow disclosure of the monthly report to local governments. Information received by the impacted local governments will remain confidential and will not be subject to further disclosure. Additionally, DFA personnel will not be authorized to discuss the contents of the report with representatives of the local government or third parties.

The bill will be effective on or after January 1, 2022.

Revenue Impact :

None.

Taxpayer Impact :

City and county governments would receive a monthly report from DFA providing the identity of the taxpayer that have been awarded a rebate or credit claim as well as the amount awarded. The city or county government will be required to maintain the confidentiality of the report.

Resources Required :

The cost to develop and administer SB528 is estimated at \$140,000 to develop and \$48,000 yearly for annual maintenance.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Updates to the Sales and Use Tax Rules will need to be promulgated.

Other Comments :

None.

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Legal Analysis :

SB528 requires DFA to disclose information concerning certain credits or rebates to impacted local governments. These credits or rebates include:

- Property purchased for use in performance of a construction contract entered into prior to the effective date of an additional levy of state, city, or county sales or use tax; and
- Certain purchases where the taxpayer paid city or county sales or use tax in excess of the tax due on the first \$2,500 of the purchase price.