

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1818**

**Bill Subtitle: TO AMEND THE LAW CONCERNING THE PREPAYMENT OF SALES TAX; TO INCREASE THE THRESHOLD FOR THE REQUIREMENT THAT CERTAIN RETAILERS PREPAY SALES TAX; AND TO DECLARE AN EMERGENCY.**

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### Basic Change :

**Sponsor: Rep. Beaty**

HB1818 increases the threshold for the requirement that certain retailers make prepayments of sales tax.

Under current law, an Arkansas retailer with average net sales of \$200,000 per month is required to make prepayments of sales tax by electronic funds transfer. HB1818 increases the threshold so that an Arkansas retailer will not be subject to the prepayment requirement unless they have average net sales of \$500,000 per month in the preceding fiscal year. HB1818 contains an emergency clause and would be effective on July 1, 2023.

### Revenue Impact :

**FY2024**

**One-Time Revenue Shift - Total Approximate State Sales and Use Tax  
Reduced Collection \$ - 25,120,000**

(Estimated Effective Date 7/1/23 --- 1 month of Reduced Pre-Payment collections)

General Revenue - 4.5%	\$ - 14,258,186
Property Tax Relief - .5%	\$ - 1,872,406
Conservation Fund - .125%	\$ - 468,102
Educational Adequacy Fund - .875%	\$ - 2,382,824
Highway Fund - .5%	\$ - 1,872,406
Educational Excellence Trust Fund -	\$ - 2,382,824
Educational Adequacy (GR Transfer) -	\$ - 210,646
State Central Services -	\$ - 527,520
Constitutional Officers -	\$ - 251,200

**One-Time Revenue Shift - Total Approximate Local City and  
County Sales and Use Tax Reduced Collection \$ - 8,373,333**

[ This impact assumes a one-time reduced collection of sales tax in FY2024 from those taxpayers with average net sales of more than \$200,000 but less than \$500,000 per month for the preceding fiscal year. ]

### Taxpayer Impact :

A retailer within the State of Arkansas registered to collect gross receipts tax who, on July 1, has an average net sales of more than \$200,000 but less than \$500,000 per month for the preceding fiscal year will no longer be required to make prepayments of sales tax by electronic funds transfer.

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### **Resources Required :**

The Arkansas Integrated Revenue System (AIRS) would require programming at an estimated cost of \$8,000.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Holders of affected sales tax accounts will be notified of this change.

### **Other Comments :**

None.

### **Legal Analysis :**

None.