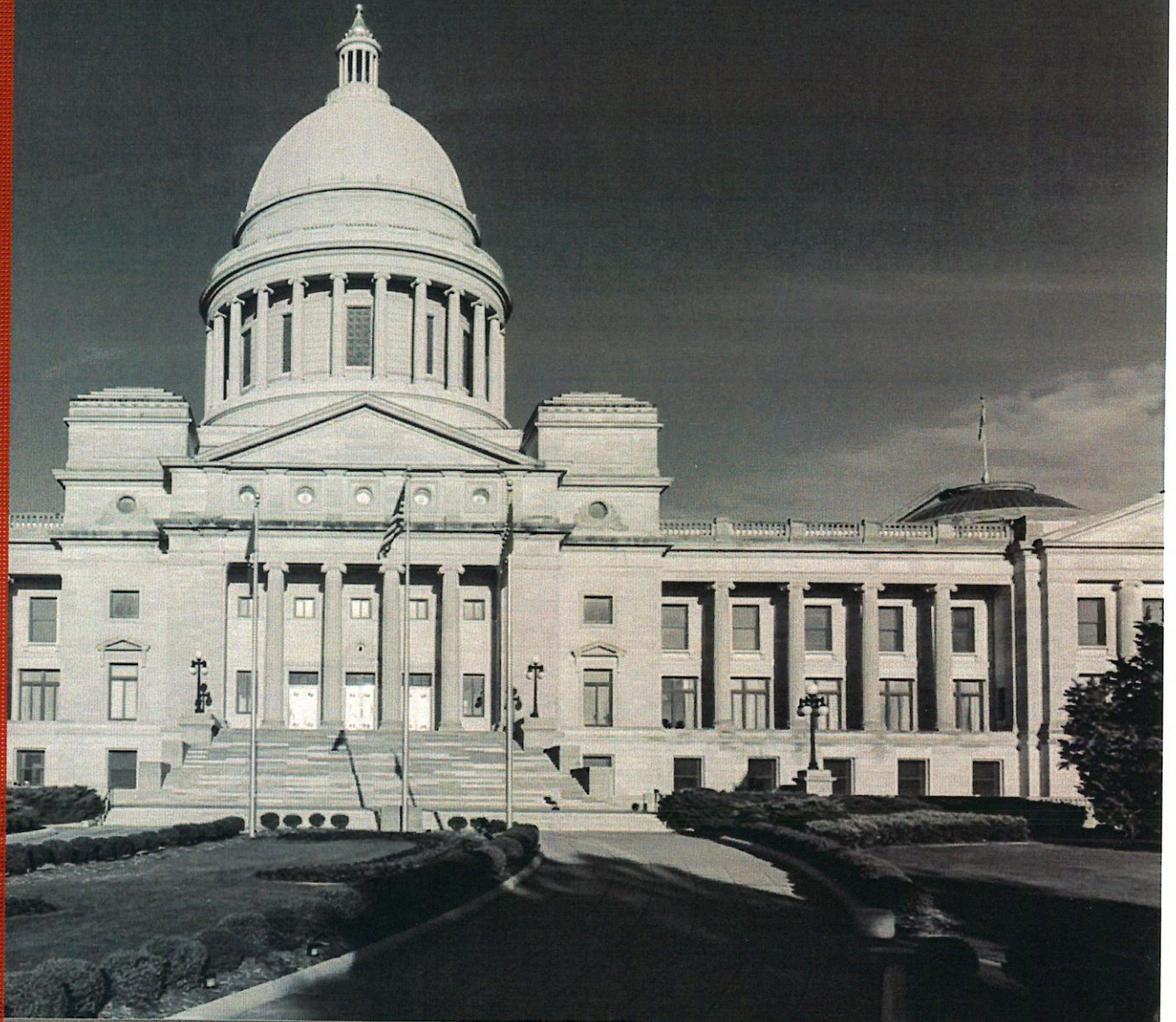


State of  
Arkansas  
Bureau of  
Legislative  
Research



**BKD**  
CPAs & Advisors



# Introductions

# Introductions



**Kevin Horn, CPA**  
Partner



**Bob Johnson, Jr.**  
Partner



**Ernie Skyrme, CPA**  
Director

# Our Goals for Today

What We Have Learned About You

Challenges & Opportunities

How BKD Can Help

What You Can Count on from BKD

Why BKD Is the Right Choice

# What We Have Learned About You

## ▶▶ Tax Reform & Relief Act of 2017

- Enacted by the 91<sup>st</sup> General Assembly
- Reduced income tax rates for certain Arkansas taxpayers
- Created the 16 member Tax Reform & Relief Legislative Task Force to examine other potential areas of tax reform

## ▶▶ Potential Impact

- Fiscal year 2019 - \$25.25 million reduction in state general revenues
- Fiscal year 2020 - \$50.5 million reduction in state general revenues

## ▶▶ Task Force Reporting

- Preliminary report due December 1, 2017
- Final report September 1, 2018

## ▶▶ You need a firm that has both local presence & national expertise, as well as a demonstrated history of performance relating to tax interpretation



# Challenges & Opportunities

## Task Force Goals & Objectives

**Modernize & simplify Arkansas tax code**

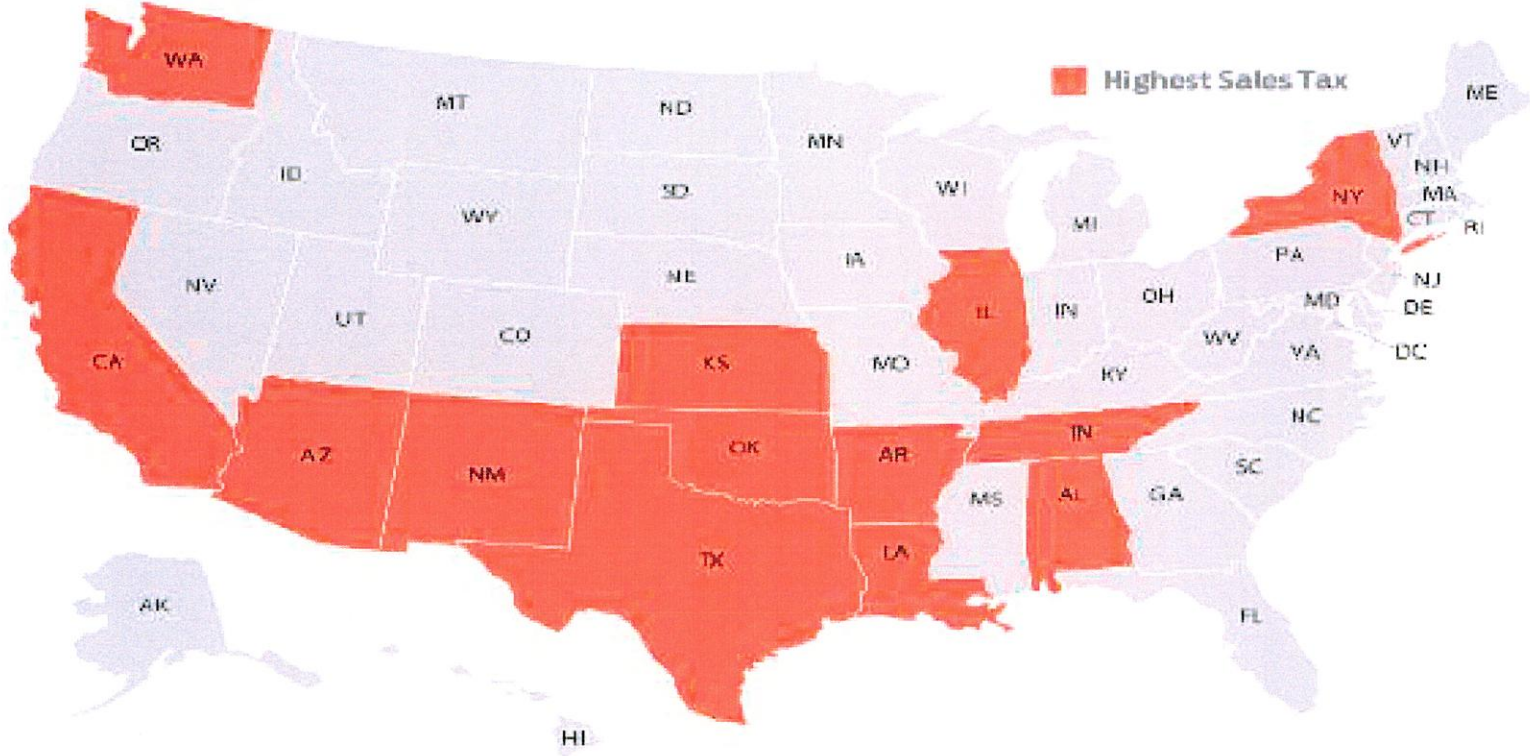
**Make the Arkansas tax laws competitive with other states in order to attract businesses to the state**

**Create jobs within the state**

**Ensure fairness to all individuals & entities impacted by the tax laws of Arkansas**

# Challenges & Opportunities

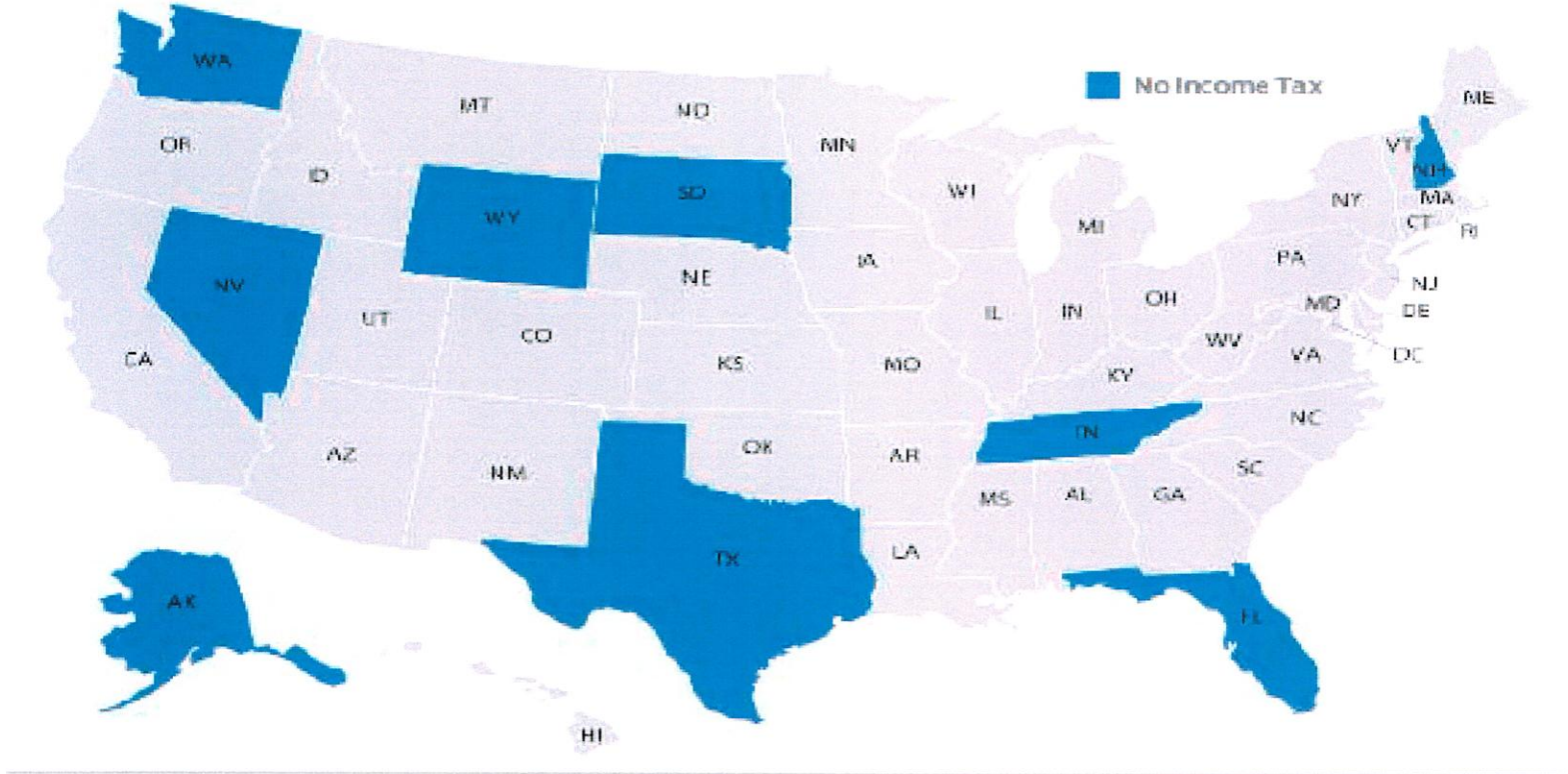
## States With the Highest Sales Tax



Source: Kiplinger

# Challenges & Opportunities

## States With No Income Tax



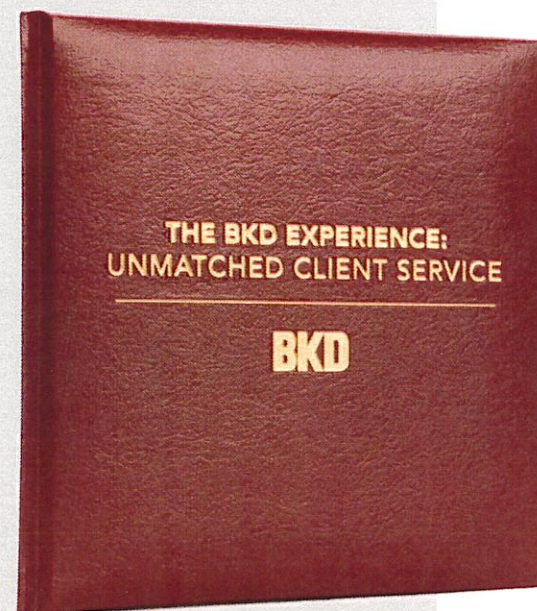
Source: Kiplinger



# How BKD Can Help

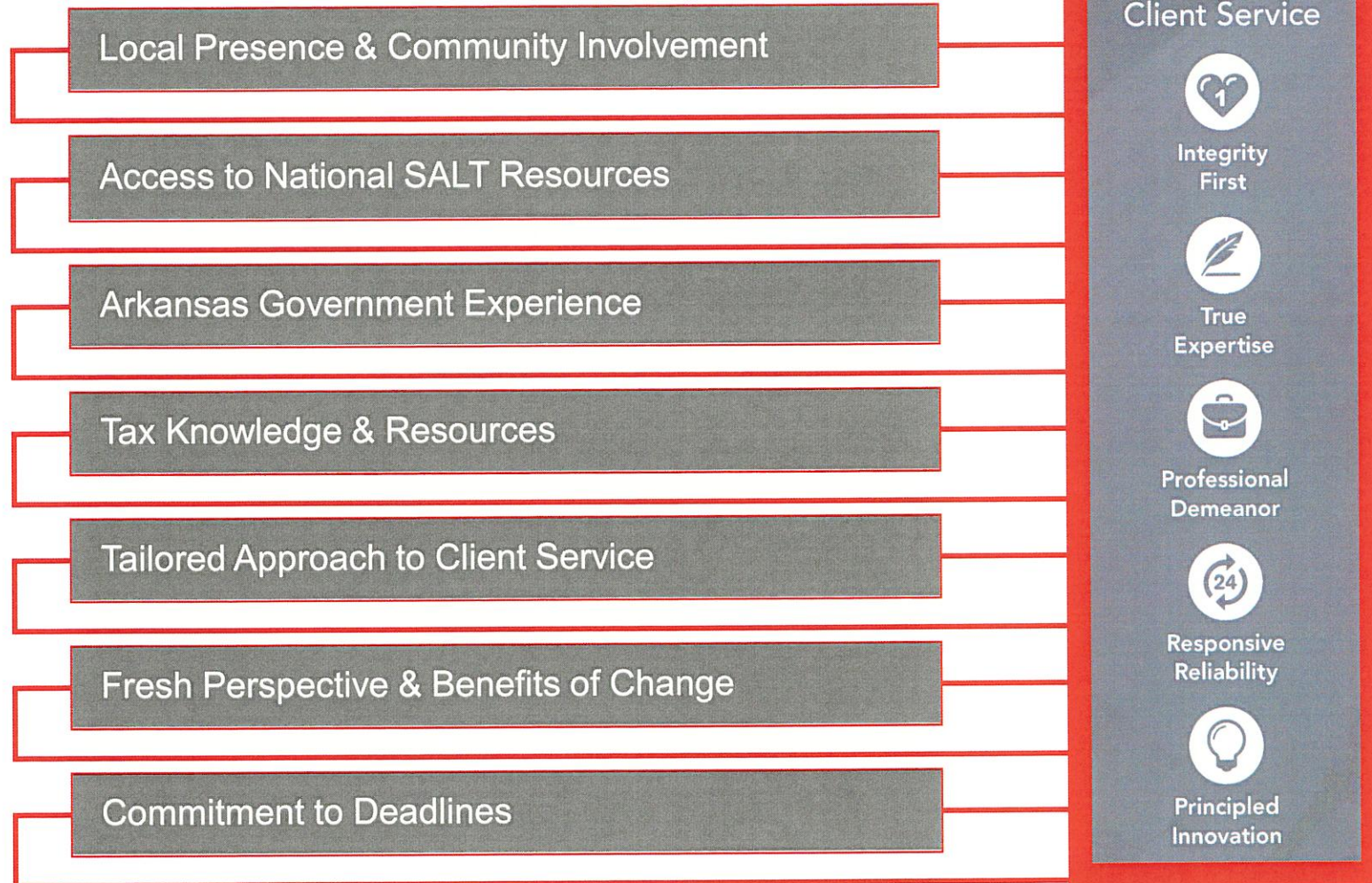
## You Will Be an Important Client

- ▶▶ Frequent communication from local, accessible advisors who understand & appreciate the state of Arkansas & the responsibilities placed on the Task Force
- ▶▶ Invaluable tax knowledge to help guide you when you need it most
- ▶▶ Experienced & consistent local team with national state & local tax (SALT) expertise & support
- ▶▶ Flexible scheduling designed to meet important deadlines



**The BKD Experience: Unmatched Client Service**

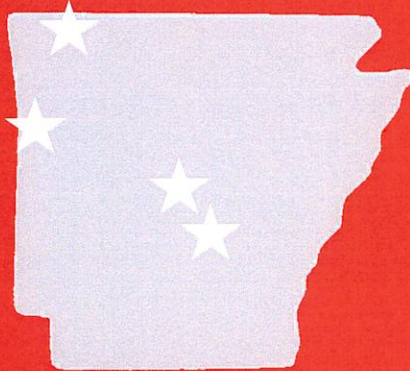
# How BKD Can Help



# How BKD Can Help – Strong Local Presence

**BKD**

*Proudly Serving  
Arkansas*



Four Offices in Arkansas

**Fort Smith  
Little Rock  
Pine Bluff  
Rogers**

## Local Resources

Approximately 105 professionals in Arkansas, including 80 in Little Rock

## Commitment to Arkansas

Give back to numerous organizations in Arkansas through BKD Foundation, including Children's Protection Center

# How BKD Can Help – Tax Knowledge & Resources

**State & Local Tax Consulting & Compliance**

**Multistate Tax Planning**

**Strategic Tax Planning**

**Nexus Determinations**

**Tax Credits & Incentives**

**Income & Franchise Tax Planning**

# How BKD Can Help – Extensive Tax Knowledge & SALT Expertise



- ▶▶ Fresh & new perspective on state tax trends & changes
- ▶▶ 6:1 partner to staff ratio; attention from our senior advisors
- ▶▶ Multiple partners involved for additional insight
- ▶▶ Local presence with national SALT resources can give a better understanding of issues that may affect you
- ▶▶ Use of technology for an efficient approach

# How BKD Can Help – Use of Technology for an Efficient Approach

## ▶▶ BKDconnect

- Innovative client portal
- Address challenges of financial engagements

**BKD**connect

## ▶▶ ACL

- Data analysis software allows us to quickly analyze large amounts of data

## ▶▶ Data security

- Committed to keeping your data protected
- BKD SecureMail

## ▶▶ Experience with multiple financial process automation software systems

# How BKD Can Help – Value Added Services

Year-round **Thoughtware**<sup>®</sup> emails, articles, webinars & live events  
– Many are CPE-eligible

**CLOSED FOR BUSINESS: KANSAS ENDS MAJOR EXEMPTION  
OF CERTAIN PASS-THROUGH & OTHER INCOME**

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By Jeff Farrell

**WHAT YOU NEED TO KNOW ABOUT ILLINOIS  
TAX LAW CHANGES**

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By JoAnna Simek, jsimek@bkd.com

**LOUISIANA INCREASING REVENUE THROUGH SALES &  
USE TAX LEGISLATION**

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By Jana Gradeva, jgradeva@bkd.com

**TENNESSEE ENACTS SIGNIFICANT INCOME &  
FRANCHISE TAX CHANGES**

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By LC Cole

# How BKD Can Help – Knowledge from Vast Experience

500 governmental clients

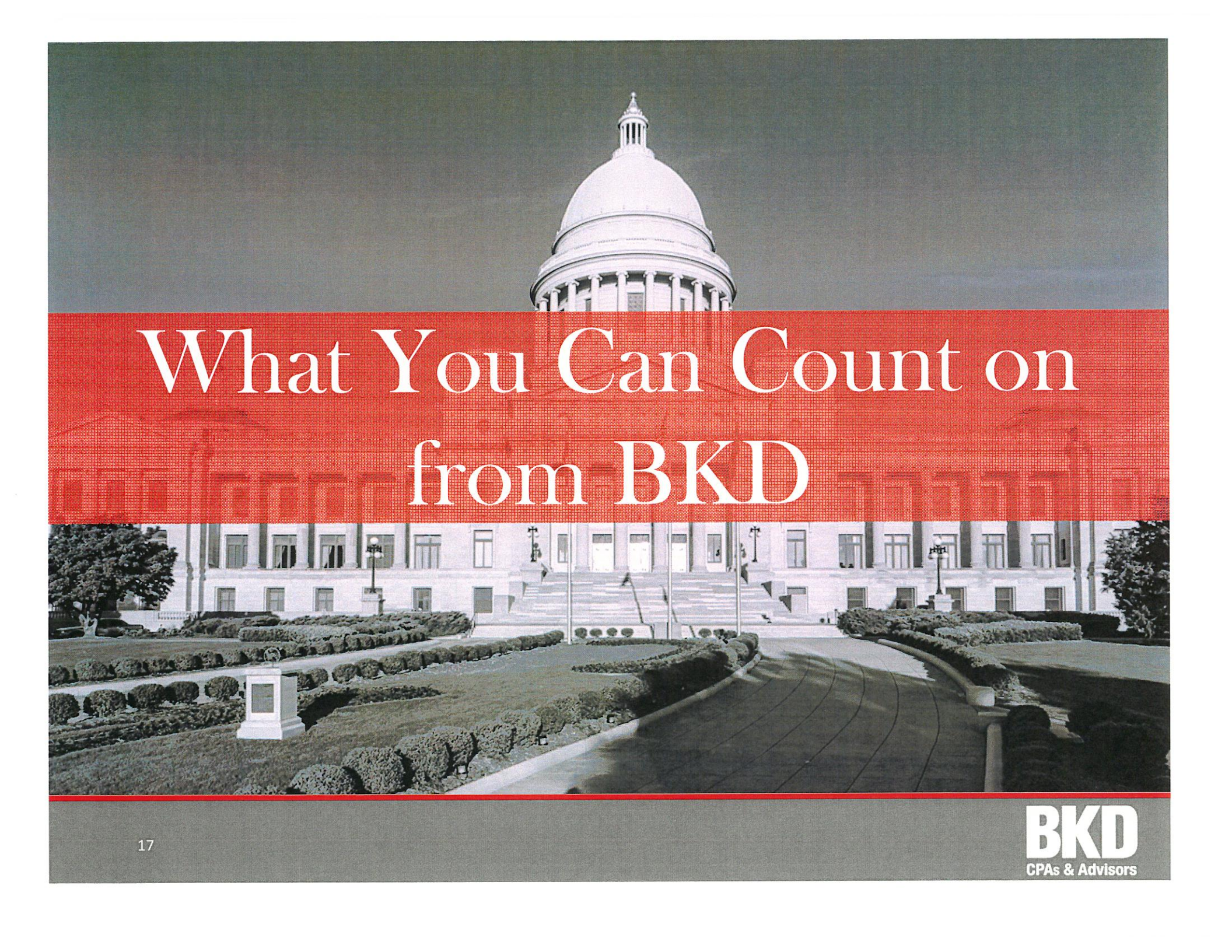
120 municipality clients

2,000 Arkansas income tax filers

Thousands of other state filers







# What You Can Count on from BKD

# BKD SMOOTH TRANSITION™

MEET



UNDERSTAND



GREET



COLLABORATE



DELEGATE



DEVELOP



PLAN



PROTECT



DELIVER



# Your Engagement Team

We take team selection seriously & have the appropriate team of advisors to meet your needs

Providing personal attention & frequent communication to our clients is what drives us

Delivering value beyond the basic service approach is among our top priorities

Your selection may come down to the engagement team you believe is most capable of helping you

# Your Key Engagement Team Leads



## **Kevin Horn, CPA**

Partner

Lead Engagement Partner

- ▶▶ More than 20 years of experience
- ▶▶ Provides tax services to various industries
- ▶▶ Vast tax experience – Accounting method changes, mergers & acquisitions, executive compensation, multistate taxation, audit representation & accounting income tax accruals



## **Bob Johnson, Jr.**

Partner

SALT Partner

- ▶▶ Member of BKD's SALT Services Division
- ▶▶ More than 21 years of experience
- ▶▶ Experience with sales, use, income, franchise, excise & property taxes as well as credits & incentives

# Your Key Engagement Team Leads



## **Bryan C. Neuendorf, CPA**

Managing Director

SALT Managing Director

- ▶▶ Member of BKD's SALT Services Division
- ▶▶ More than 25 years of experience
- ▶▶ Focuses on management of SALT disputes, reviewing corporate state tax positions, implementing compliance systems, developing proactive strategies to reduce overall SALT costs & buy- & sell-side due diligence



## **J. Ernie Skyrme, CPA**

Director

Engagement Director

- ▶▶ More than 14 years of experience
- ▶▶ Provides tax & audit services to governmental entities
- ▶▶ Responsible for proactive tax planning & reviewing tax returns to assist clients in meeting governmental reporting or other regulatory financial disclosure requirements

# Additional Team Members



Jonathan "Jay" Wallace, CPA  
Manager  
Engagement Manager



Megan McClain, CPA  
Senior Associate II  
Engagement Senior Associate II



Jayme Holt, CPA  
Senior Associate II  
Engagement Senior Associate II



Mollie Long, CPA  
Senior Associate II  
Engagement Senior Associate II

# Successes – Case Study

## Missouri Partnership

- ▶▶ Issues & challenges
- ▶▶ Why BKD
- ▶▶ What we have done for them
- ▶▶ Benefits

# Successes – Case Study

## Kansas Chamber of Commerce

- ▶▶ Issues & challenges
- ▶▶ Why BKD
- ▶▶ What we have done for them
- ▶▶ Benefits



# Success Story

▶▶ Background ▶▶ Challenges ▶▶ How BKD Helped ▶▶ Results

*“A huge benefit in working with BKD is the accessibility of the partners and people at the firm. BKD is willing to listen to the client and ask the right questions to learn the client and the business.”*

Patrick Patton



Patrick Patton  
VP – Internal Audit &  
Information  
Technology -  
Arkansas  
Development Finance  
Authority

# Other Successes – Representative Clients

City of Little Rock, Arkansas

Arkansas Development Finance Authority

Arkansas Department of Workforce Services

Russell Stover Chocolates, LLC

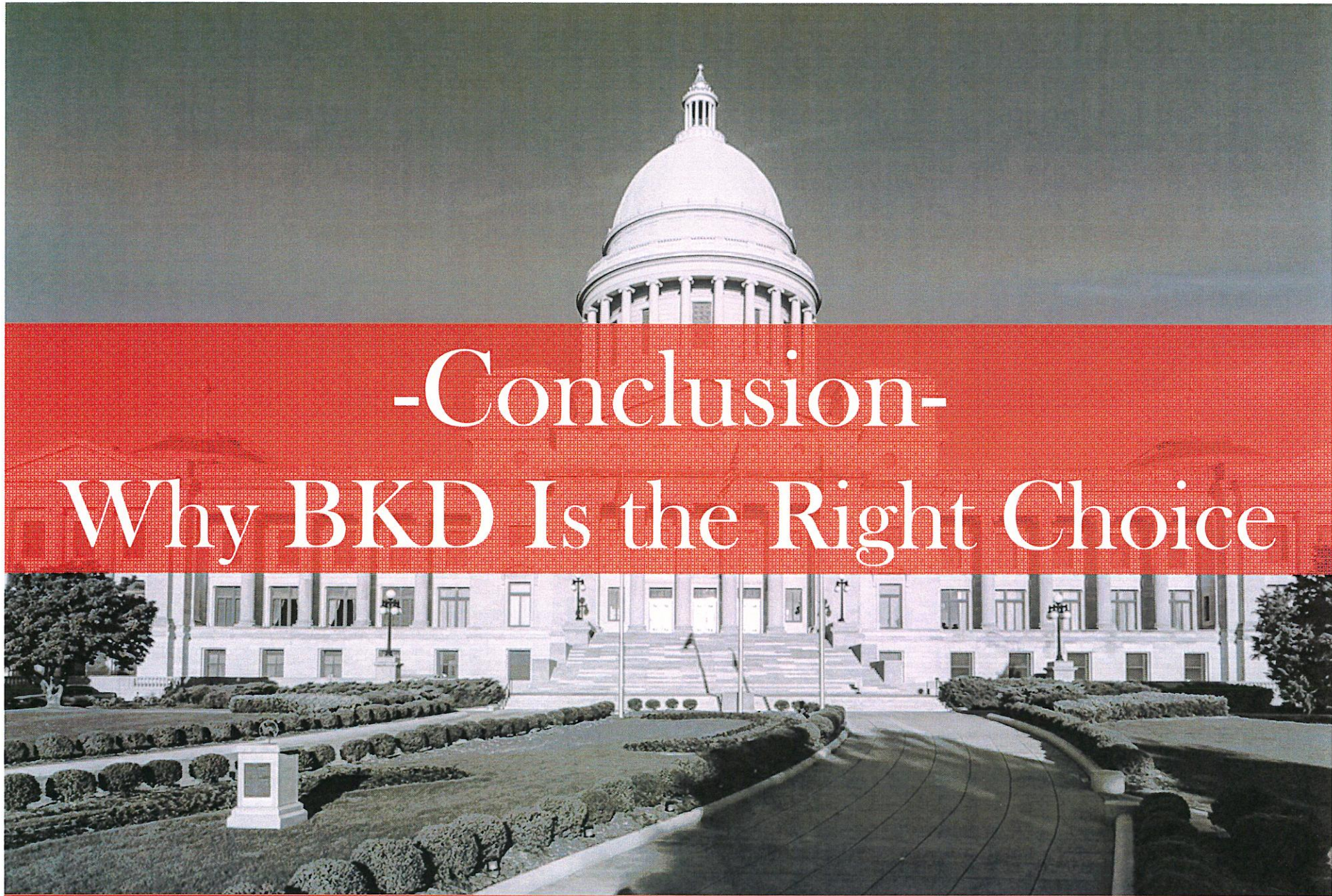
DeWitt & Associates, Inc.

E-Z Mart Stores, Inc.

# How BKD Can Help – Commitment to Meeting Your Timeline

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug
Phase 1: Planning	█											
Phase 2: Research/Info Gathering		█	█									
Phase 3: Prelim Report				█	█	█	█	█	█			
Phase 4: Interim Period										█	█	
Phase 5: Final Report												█

**Committed to monthly meeting with the Task Force to discuss goals, measures & questions during key parts of the engagement**



-Conclusion-

Why BKD Is the Right Choice

# Why BKD Is the Right Choice

- ▶▶ Strong local presence
- ▶▶ Significant Arkansas government & municipality experience
- ▶▶ Integrity always trumps economics—for us & for our clients
- ▶▶ Sound professional, business & financial standards
- ▶▶ Commitment to engagement quality
- ▶▶ Responsive Reliability – you can depend on BKD to do what we say we will do

**P**assion  
**R**espect  
**I**ntegrity  
**D**iscipline  
**E**xcellence

# Why BKD Is the Right Choice

Little Rock & Arkansas presence

Extensive government experience

National firm with deep bench strength

SALT resources & connections

Strong investment in Arkansas

Hand-picked team of professionals

Commitment to Smooth  
Transition/Onboarding

**The BKD Experience: Unmatched  
Client Service**

Q&A

