

State of Arkansas  
94th General Assembly  
Regular Session, 2023

# A Bill

HOUSE BILL 1826

By: Representatives Cavanaugh, Beaty Jr.

By: Senator B. Johnson

## For An Act To Be Entitled

AN ACT TO ESTABLISH TRAINING GUIDELINES FOR FIELD AUDITORS OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION; TO AMEND THE DEGREE REQUIREMENT FOR FIELD AUDITORS; TO REQUIRE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO PROVIDE AN ANNUAL NOTICE OF STATE TAX LITIGATION; AND FOR OTHER PURPOSES.

## Subtitle

TO ESTABLISH TRAINING GUIDELINES AND DEGREE REQUIREMENT FOR FIELD AUDITORS OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Legislative intent.

(a) Except as provided in the Arkansas Constitution, the General Assembly has the sole authority to enact legislation providing for the levy of a state tax or to provide a state tax exemption.

(b)(1) The General Assembly has provided the Revenue Division of the Department of Finance and Administration the authority to promulgate any rules necessary to administer the state tax laws of this state but has not empowered the division to create its own state tax levies or state tax exemptions.

(2) The rules promulgated by the division are subject to approval by the Legislative Council, or if the General Assembly is in



session, the Joint Budget Committee, under § 10-3-309.

(c) Arkansas taxpayers invest significant resources to comply with the tax laws enacted by the General Assembly as well as the rules promulgated by the division.

(d)(1) The General Assembly has determined that the tax audit personnel within the division must possess the necessary training regarding the tax laws of this state as well as future amendments to the state's tax laws.

(2) Therefore, it is the intent of the General Assembly to require that the division provide persons employed as tax auditors the requisite training as provided under this act.

(e)(1) The General Assembly has determined that it must be informed as to disputes over the interpretations of the state's tax laws.

(2) Therefore, it is the intent of the General Assembly that the division shall provide to Legislative Council and Joint Budget Committee an annual notice of the state tax litigation cases that have reached a final resolution where the Department of Finance and Administration was a party to the cases.

SECTION 2. Arkansas Code § 26-17-203, concerning field auditors employed by the Revenue Division of the Department of Finance and Administration, is amended to read as follows:

26-17-203. Field auditors.

(a) It shall be the duty of the Secretary of the Department of Finance and Administration in selecting field auditors to be employed by the Revenue Division of the Department of Finance and Administration to require that the applicants meet the following qualifications:

(1)(A) That he or she is a college graduate with a degree in accounting, business, or related field with a minimum of ~~twenty-four (24)~~ twelve (12) hours of accounting.

(B) Accounting experience may be substituted for part or all of the basic requirement;

(2) That he or she is of good moral character and bears a good reputation for honesty and trustworthiness;

(3) That he or she is in a good state of physical health that will enable him or her to properly discharge his or her duties;

(4) That he or she has a valid Arkansas driver's license and is in good standing with the Office of Driver Services.

(b)(1) The secretary shall provide post-hiring training to field auditors on the following:

(A) Arkansas state tax law;

(B) The proper legal construction and interpretation of Arkansas tax laws as enacted by the General Assembly;

(C) The operation of the Arkansas Tax Procedure Act, § 26-18-101 et seq.;

(D) Developments in appellate case law involving taxes administered by the secretary;

(E) Amendments to Arkansas state tax law enacted by the General Assembly.

(2) The secretary shall update the training required by subdivision (b)(1)(D) and (E) of this section every two (2) years following the conclusion of each regular session of the General Assembly and verify that each auditor who previously underwent the training is notified of those updates.

SECTION 3. Arkansas Code § 26-17-304, concerning suits and other proceedings concerning taxes, fees, or licenses administered by the Revenue Division of the Department of Finance and Administration, is amended to add an additional subsection to read as follows:

(c)(1) The secretary shall give notice to the cochairs of the Legislative Council and the Joint Budget Committee of state tax litigation if the litigation:

(A) Originated in state circuit court;

(B) Pertained to a tax administered by the division;

(C) Made the secretary a defendant;

(D) Reached a final resolution in the previous calendar year with no further right of appeal for either party; and

(E) The amount in controversy exceeded twenty-five thousand dollars (\$25,000).

(2) The notice shall include:

(A) The style of the case that was litigated;

(B) The identity of the court before which the matter was

filed; and

(C) A brief description of the issues involved.

(3) The secretary shall provide the notice required by this section annually on or before January 10 of each year.

(4) Upon filing of the notice under subdivision (c)(3) of this section, the secretary, or his or her designee, may be called to appear before the Legislative Council or the Joint Budget Committee regarding the contents of the notice.

**APPROVED: 4/11/23**