

Department of Finance and Administration

Legislative Impact Statement

Bill: SB254

Bill Subtitle: TO ALLOW THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO ENTER INTO AN INSTALLMENT AGREEMENT WITH A TAXPAYER WHO HAS INDIVIDUAL INCOME TAX DEBT IF CERTAIN CONDITIONS ARE MET.

Basic Change :

Senator Hester

A taxpayer having a total delinquent individual income tax liability of less than \$2,000 may resolve the debt without a tax lien being filed if DFA determines that the issuance of a tax lien is not in the best interest of the state, taxpayer executes a payment plan to resolve the debt in 12 months or less and the installment payments are paid electronically.

Revenue Impact :

\$0

Taxpayer Impact :

Individual Income Tax taxpayers who owe less than \$2,000 and pay installments electronically, may enter into a payment plan without a certificate of indebtedness being issued. Taxpayer must pay installments electronically through the Arkansas Taxpayer Access Point or a third party vendor approved to process credit/debit card transactions for the state of Arkansas.

Resources Required :

Booklet instructions and ATAP website must be updated.

Time Required :

Adequate time is provided.

Procedural Changes :

Inform tax professionals and public. Revise instructions, forms, training, and processing procedures.

Other Comments :

None

Legal Analysis :

DFA is currently authorized under the *Arkansas Tax Procedure Act* to offer a payment plan for payment of a tax debt of less than \$1,000 without filing a lien against the taxpayer. This bill expands the current payment plan provisions by allowing DFA to place a taxpayer with an individual income tax debt of less than \$2,000 on a payment plan of 12 months or less if the payments are made electronically. The Department may choose not to file a tax lien against the taxpayer during the course of the payment plan if not doing so is in the best interests of the state. The bill will become effective 90 days after adjournment of the session.