

State of Arkansas
91st General Assembly
Regular Session, 2017

A Bill

HOUSE BILL 1693

By: Representative Rye

For An Act To Be Entitled

AN ACT TO AMEND THE DISTRIBUTION AND USE OF SALES AND USE TAX REVENUES; TO AMEND THE INCOME TAX IMPOSED ON INDIVIDUALS, TRUSTS, AND ESTATES BASED ON THE USE OF SALES AND USE TAX COLLECTED FROM SELLERS THAT DO NOT HAVE A PHYSICAL PRESENCE IN THE STATE; TO DISTRIBUTE A PORTION OF THE SALES AND USE TAX COLLECTED FROM SELLERS THAT DO NOT HAVE A PHYSICAL PRESENCE IN THE STATE TO THE STATE HIGHWAY AND TRANSPORTATION DEPARTMENT FUND; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE DISTRIBUTION AND USE OF SALES AND USE TAX REVENUES.

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

SECTION 1. Arkansas Code § 26-51-201(e), concerning the income tax imposed on individuals, trusts, and estates, is amended to read as follows:

(e) If the director determines that federal law authorizes the state to collect sales and use tax from sellers that do not have a physical presence in the state, then after the first twelve (12) months of collecting sales and use tax from sellers that do not have a physical presence in the state, the director shall:

(1) ~~After making the deductions required under § 19-5-202(b)(2)(B)(i), certify to the Governor and the Office of Economic and Tax Policy the amount of available net general revenues attributable to the collection of sales and use tax from sellers that do not have a physical~~



~~presence in the state during the first twelve (12) months of collections;~~

~~(2) Use any amount under subdivision (e)(1) of this section that exceeds seventy million dollars (\$70,000,000) § 26-52-107(b)(2)(B)(iii)(b) to reduce the rate of four and five tenths percent (4.5%) six and nine-tenths percent (6.9%) in the table contained in subdivision ~~(a)(7)~~ (a)(9) of this section equally for all taxpayers subject to the rate of ~~four and five tenths percent (4.5%)~~ six and nine-tenths percent (6.9%);~~

~~(3) (2) Certify the amount of the reduction of the income tax rate under this subsection to the Governor and the Office of Economic and Tax Policy; and~~

~~(4) (3) Incorporate the reduced income tax rate into the table prescribed under subsection (d) of this section, which shall be applicable for each tax year thereafter.~~

SECTION 2. Arkansas Code § 26-52-107 is amended to read as follows:
26-52-107. Disposition of taxes, interest, and penalties.

(a) All Except as provided in subsection (b) of this section, the taxes, interest, penalties, and costs received by the Director of the Department of Finance and Administration under the provisions of this chapter and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., shall be general revenues and shall be deposited into the State Treasury to the credit of the State Apportionment Fund. The Treasurer of State shall allocate and transfer the same to the various State Treasury funds participating in general revenues in the respective proportions to each as provided by, and to be used for the respective purposes set forth in, the Revenue Stabilization Law, § 19-5-101 et seq.

(b)(1) After making the deductions required under § 19-5-202(b)(2)(B)(i), the sales and use taxes, interest, penalties, and costs received by the director from sales by sellers who do not have a physical presence in this state shall be deposited as follows:

(A) The first fifteen million dollars (\$15,000,000) shall be deposited as general revenues into the State Apportionment Fund; and

(B) The remainder shall be deposited into the State Highway and Transportation Department Fund.

(2) However, if the director determines that federal law authorizes the state to collect sales and use taxes from sellers that do not

have a physical presence in the state:

(A) After making the deductions required under § 19-5-202(b)(2)(B)(i), the director shall certify to the Governor and the Office of Economic and Tax Policy the amount of available net general revenues attributable to the collection of sales and use tax from sellers that do not have a physical presence in the state; and

(B) Beginning July 1, 2018, the amount certified under subdivision (b)(2)(A) of this section shall be distributed as follows:

(i) The first fifteen million dollars (\$15,000,000) shall be deposited as general revenues into the State Apportionment Fund; and

(ii) The remainder shall be distributed as follows:

(a) Fifty percent (50%) shall be deposited into the State Highway and Transportation Department Fund; and

(b) Fifty percent (50%) shall be used as described in § 26-51-201(e).

SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective on the first day of the calendar quarter following the effective date of this act.