SPECIAL EDITION – BUSINESS TAX REFORM BILL FILED  
VISIT WITH YOUR LEGISLATORS THIS WEEKEND

*** Ask your Legislators to Vote FOR SB 576 ***

INTERNET SALES TAX, SINGLE SALE FACTOR, THROWBACK AND NOL

SB 576 by Sen. Bart Hester, 10 other Senators including Senate President Pro Tem Jim Hendren and Rep. Dan Douglas was filed today.

SB 576 contains multiple parts:

Requires remote sellers to collect sales taxes
· This will put our in-state sellers on equal footing with out-of-state sellers.

Phases in an Extension of the Net Operating Loss Carry-Forward Period for Computing Arkansas Income Tax (NOL)
· This could potentially help any business in Arkansas. Currently past years’ losses can only be offset against future years’ earnings for up to five years. This will phase in an increase of the future earnings for up to 20 years when fully implemented.

Repeals the Throwback Rule for Business Income
· This will benefit Arkansas sellers who are double taxed because they sell into state(s) that do not have an income tax. Earnings from sales in non-income tax states are then taxed by Arkansas.

Provides a Single Sales Factor Apportionment Formula for Business Income (SSF)
· Arkansas is one of a declining number of states that still use a double-weighted system to charge income taxes on their out-of-state sales. Going to a single sales factor will make Arkansas more competitive and benefit businesses that invest heavily in employees and property in Arkansas.

We have been working to eliminate throwback, extend the NOL and go to a SSF for a decade. We’ve also been working on requiring remote sellers to charge sales taxes from Arkansas citizens for more than a decade. Requiring sales tax collection by out-of-state sellers will take away the almost 10 percent benefit remote sellers have over our in-state businesses who support our infrastructure, schools, civic needs etc. Also, this is a tax that Arkansans are already obligated to pay under the Arkansas Use Tax laws.

Car Wash Taxes
· Amends the Sales Tax Exemption for Certain Car Washes
· Exempts Certain Products and Services Related to Car Washes from Sales and Use Tax
· Levies a Fee on Certain Car Wash Operation in Lieu of the Sales and Use Tax

Other provisions include:
Amends the Arkansas Gross Receipts Act of 1941
Amends the Laws concerning the Apportionment and Allocation of the Net Income of Financial Institutions
Amends the Multi-state Tax Compact.
Amends the Uniform Division of Income for Tax Purposes

We’ll provide more detailed information in Monday’s Daily Legislative Update. But it is very important that you encourage your legislators to support SB 576 over the weekend. This bill may be considered early next week, and your contacts can help get it passed!

TRACKED BILLS
All bills we are tracking are posted on our website, by category, and can be reviewed by clicking this link: https://www.arkansasstatechamber.com/governmental-affairs/legislative-tracking/

LEGISLATIVE SESSION INFORMATION
To view schedules, calendars, bill information and legislator information, click www.arkleg.state.ar.us.

Legislative Message Center
House of Representatives: 501-682-6211
Senate: 501-682-2902

Live Streaming from the Capitol
The House and Senate have links to live streaming of their committee meetings and floor session online.
- House: https://www.arkansashouse.org/
- Senate: http://www.arkansas.gov/senate/

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