

# ARKANSAS REGISTER

## Transmittal Sheet

Use only for **FINAL** and **EMERGENCY RULES**



Secretary of State

**Mark Martin**

500 Woodlane, Suite 026

Little Rock, Arkansas 72201-1094

(501) 682-5070

[www.sos.arkansas.gov](http://www.sos.arkansas.gov)



For Office

Use Only:

Effective Date \_\_\_\_\_ Code Number \_\_\_\_\_

Name of Agency Department of Finance and Administration

Department Revenue Division

Contact Lynne Reynolds E-mail Lynne.reynolds@dfa.arkansas.gov Phone 501-682-1130

Statutory Authority for Promulgating Rules Ark. Code Ann. 26-18-301 and 26-51-423(a)(3)

Rule Title: \_\_\_\_\_

### Intended Effective Date

(Check One)

☐ Emergency (ACA 25-15-204)

☒ 10 Days After Filing (ACA 25-15-204)

☐ Other \_\_\_\_\_  
(Must be more than 10 days after filing date.)

Legal Notice Published .....

Final Date for Public Comment .....

Reviewed by Legislative Council .....

Adopted by State Agency .....

Date

February 13, 2018

April 6, 2018

May 15, 2018

May 15, 2018

Electronic Copy of Rule e-mailed from: (Required under ACA 25-15-218)

**Brandon Smith**

**brandon.smith@dfa.arkansas.gov**

**May 15, 2018**

Contact Person

E-mail Address

Date

### CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)

*Brandon Smith*

Signature

(501) 682-7750

Phone Number

brandon.smith@dfa.arkansas.gov

E-mail Address

Public Information Specialist

Title

May 15, 2018

Date

**RULE 2018-1**

**STANDARD MILEAGE RATES FOR INCOME TAX PURPOSES**

The Commissioner of Revenue, pursuant to his authority under *Ark. Code Ann.* §§ 26-18-301 and 26-51-423(a)(3), does hereby issue the following regulation:

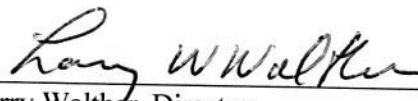
The optional standard mileage rate, for use by employees or self-employed individuals in computing the income tax deductible costs of operating passenger automobiles owned by them for business purposes, is fifty-four and one-half cents (54.5¢) per mile for expenses paid or incurred during the 2018 calendar year.


The optional mileage rate for use by individuals in computing the income tax deductible costs of operating passenger automobiles owned by them for a charitable organization is fourteen cents (14¢) per mile.

The optional standard mileage rate allowed in computing the cost of operating a passenger automobile where transportation expenses are deductible as a medical or moving expense is eighteen cents (18¢) per mile for expenses paid or incurred during the 2018 calendar year.

The mileage rates stated above shall be in effect for tax years beginning on and after January 1, 2018.

Issued this 4<sup>th</sup> day of January 2018 in the City of Little Rock, Pulaski County, Arkansas.

  
Larry Walther, Director  
Department of Finance and  
Administration

 1/3/18  
Walter Anger, Commissioner of Revenue Arkansas  
Arkansas Department of Finance and  
Administration

**QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS  
WITH THE ARKANSAS LEGISLATIVE COUNCIL**

**DEPARTMENT/AGENCY** Department of Finance and Administration  
**DIVISION** Revenue  
**DIVISION DIRECTOR** Larry Walther, Director  
**CONTACT PERSON** Lynne Reynolds, Administrator, Office of Individual Income Tax Administration  
**ADDRESS** P.O. Box 1272, Ledbetter building, Room 2220, Little Rock, Arkansas 72203  
**PHONE NO.** 501-682-1130 **FAX NO.** 501-682-1691 **E-MAIL** Lynne.reynolds@dfa.arkansas.gov  
**NAME OF PRESENTER AT COMMITTEE MEETING** Lynne Reynolds  
**PRESENTER E-MAIL** Lynne.reynolds@dfa.arkansas.gov

**INSTRUCTIONS**

- A. Please make copies of this form for future use.  
B. Please answer each question **completely** using layman terms. You may use additional sheets, if necessary.  
C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.  
D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

**Donna K. Davis  
Administrative Rules Review Section  
Arkansas Legislative Council  
Bureau of Legislative Research  
One Capitol Mall, 5<sup>th</sup> Floor  
Little Rock, AR 72201**

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1. What is the short title of this rule? Rule 2018-1 Standard Mileage Rates for Income Tax Purposes

2. What is the subject of the proposed rule? To give the Department of Finance and Administration a standard definition of the new standard mileage rate allowance for taxpayers to coordinate with a change in the allowable federal rate.

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes ☐ No ☒  
If yes, please provide the federal rule, regulation, and/or statute citation. \_\_\_\_\_

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes ☐ No ☒  
If yes, what is the effective date of the emergency rule? \_\_\_\_\_

When does the emergency rule expire? \_\_\_\_\_

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act?

Revised January 2017

Yes ☐No ☐

5. Is this a new rule? Yes ☒ No ☐  
If yes, please provide a brief summary explaining the regulation. \_\_\_\_\_

Does this repeal an existing rule? Yes ☐ No ☒

If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does. \_\_\_\_\_

Is this an amendment to an existing rule? Yes ☐ No ☒

If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. Ark. Code Ann. 26-18-301 and 26-51-423(a)(3)

7. What is the purpose of this proposed rule? Why is it necessary? To give the Department of Finance and Administration a standard definition of the new standard mileage rate allowance for taxpayers to coordinate with a change in the allowable federal rate.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b). <https://www.dfa.arkansas.gov/revenue-policy-legal/dfa-revenue-rules/>

9. Will a public hearing be held on this proposed rule? Yes ☒ No ☐  
If yes, please complete the following:

Date: March 30, 2018

Time: 1:00 pm

1816 West 7<sup>th</sup> Street Ledbetter  
Building, Room 2330 Little Rock, AR

Place: 72201

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

April 6, 2018

11. What is the proposed effective date of this proposed rule? (Must provide a date.) April 6, 2018

12. Please provide a copy of the notice required under Ark. Code Ann. § 25-15-204(a), and proof of the publication of said notice.

13. Please provide proof of filing the rule with the Secretary of State and the Arkansas State Library as required pursuant to Ark. Code Ann. § 25-15-204(e).

14. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please

provide their position (for or against) if known.

## FINANCIAL IMPACT STATEMENT

**PLEASE ANSWER ALL QUESTIONS COMPLETELY**

**DEPARTMENT** Department of Finance and Administration

**DIVISION** Revenue

**PERSON COMPLETING THIS STATEMENT** Lynne Reynolds, Administrator, Office of Income Tax Administration

**TELEPHONE** 501-682-1130 **FAX** 501-682-1691 **EMAIL:** [Lynne.reynolds@dfa.arkansas.gov](mailto:Lynne.reynolds@dfa.arkansas.gov)

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

**SHORT TITLE OF THIS RULE** Rule 2018-1 Standard Mileage Rates for Income Tax Purposes

1. Does this proposed, amended, or repealed rule have a financial impact? Yes ☒ No ☐
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes ☒ No ☐
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☒ No ☐

If an agency is proposing a more costly rule, please state the following:

(a) How the additional benefits of the more costly rule justify its additional cost;

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(b) The reason for adoption of the more costly rule;

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(c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

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(d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.

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4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

(a) What is the cost to implement the federal rule or regulation?

**Current Fiscal Year**

General Revenue	<u>0</u>
Federal Funds	<u></u>
Cash Funds	<u></u>
Special Revenue	<u></u>
Other (Identify)	<u></u>
Total	<u>0</u>

**Next Fiscal Year**

General Revenue	<u>0</u>
Federal Funds	<u></u>
Cash Funds	<u></u>
Special Revenue	<u></u>
Other (Identify)	<u></u>
Total	<u>0</u>

(b) What is the additional cost of the state rule?

**Current Fiscal Year**

General Revenue	<u>0</u>
Federal Funds	<u></u>
Cash Funds	<u></u>
Special Revenue	<u></u>
Other (Identify)	<u></u>
Total	<u>0</u>

**Next Fiscal Year**

General Revenue	<u>0</u>
Federal Funds	<u></u>
Cash Funds	<u></u>
Special Revenue	<u></u>
Other (Identify)	<u></u>
Total	<u>0</u>

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

**Current Fiscal Year**

\$ 0

**Next Fiscal Year**

\$ 0

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6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

**Current Fiscal Year**

Less than  
\$10,000  
Increase  
in Cost to  
State  
General  
\$ Revenue

**Next Fiscal Year**

Less than  
\$10,000  
Increase in  
Cost to State  
General  
\$ Revenue

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7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes ☐ No ☒

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
  - (a) justifies the agency's need for the proposed rule; and

- (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
  - (a) the rule is achieving the statutory objectives;
  - (b) the benefits of the rule continue to justify its costs; and
  - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.