

# 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.arkanas.gov Phone (501)682-1130

Statutory Authority for Promulgating Rules A.C.A. 26-18-301 and 26-51-423(a)(3)

**Rule Title:** Standard Mileage Rates for Income Tax Purposes

Intended Effective Date  
(Check One)

Date

<input type="checkbox"/> Emergency (ACA 25-15-204)	Legal Notice Published .....	<u>02/06/16</u>
<input checked="" type="checkbox"/> 10 Days After Filing (ACA 25-15-204)	Final Date for Public Comment .....	<u>04/04/16</u>
<input type="checkbox"/> Other _____ (Must be more than 10 days after filing date.)	Reviewed by Legislative Council .....	<u>07/12/16</u>
	Adopted by State Agency .....	<u>07/22/16</u>

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

David Rector, CPA David.Rector@dfa.arkansas.gov 07/21/16  
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.)

Signature

(501) 682-7751 David.Rector@dfa.arkansas.gov  
Phone Number E-mail Address

Problems Resolution Officer/ Taxpayer Advocate  
Title

July 21, 2016  
Date

**RULE 2016-1**

**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 Rule:

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 cents (54¢) per mile for expenses paid or incurred during the 2016 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 for expenses paid or incurred during the 2016 calendar year.

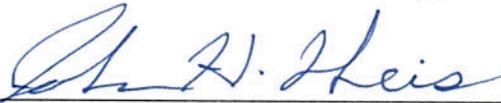
The optional standard mileage rate allowed in computing the cost of operating a passenger automobile where transportation expenses are deductible as a medical or moving expense is nineteen (19¢) per mile for expenses paid or incurred during the 2016 calendar year.

The mileage rates stated above shall be in effect for tax years beginning on and after January 1, 2016 but not later than December 31, 2016.

Issued this 28 day of March, 2016 in the City of Little Rock, Pulaski County, Arkansas.



Larry W. Warther, Director  
Arkansas Department of Finance and  
Administration



John Theis as Acting Commissioner of Revenue  
Arkansas Department of Finance and  
Administration

**RECEIVED**

JUN 07 2016

BUREAU OF  
LEGISLATIVE RESEARCH

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

DEPARTMENT/AGENCY Department of Finance and Administration  
DIVISION Revenue Division  
DIVISION DIRECTOR Larry W. Walther, Director  
CONTACT PERSON Lynne Reynolds, Administrator, Office of Income Tax Administration  
ADDRESS P.O. Box 1272, Ledbetter Building, Room 2220, Little Rock, Arkansas 72203-1272  
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 2016-1: 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 taxpayer 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? 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).  
<http://www.dfa.arkansas.gov/offices/policyAndLegal/Pages/revenueRules.aspx>

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

Date: March 04, 2016  
Time: 1:00 P.M.  
1816 West 7<sup>th</sup> Street  
Ledbetter Building, Room 2330  
Place: Little Rock, AR 72201

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)  
March 14, 2016

11. What is the proposed effective date of this proposed rule? (Must provide a date.)  
March 14, 2016

12. Do you expect this rule to be controversial? Yes  No

If yes, please  
explain.

\_\_\_\_\_

13. 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.
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**FINANCIAL IMPACT STATEMENT**

**PLEASE ANSWER ALL QUESTIONS COMPLETELY**

**DEPARTMENT** Department of Finance and Administration  
**DIVISION** Revenue Division  
**PERSON COMPLETING THIS STATEMENT** Lynne Reynolds, Administrator, Office of Income Tax Administration  
**TELEPHONE NO.** 501-682-1130 **FAX NO.** 501-682-1691 **EMAIL:** 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 2015-3: 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	-0-
Federal Funds	_____
Cash Funds	_____
Special	_____

**Next Fiscal Year**

General Revenue	-0-
Federal Funds	_____
Cash Funds	_____
Special Revenue	_____

Revenue \_\_\_\_\_  
Other (Identify) \_\_\_\_\_

Other (Identify) \_\_\_\_\_  
\_\_\_\_\_

Total -0-

Total -0-

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

**Current Fiscal Year**

**Next Fiscal Year**

General Revenue -0-  
Federal Funds \_\_\_\_\_  
Cash Funds \_\_\_\_\_  
Special Revenue \_\_\_\_\_  
Other (Identify) \_\_\_\_\_  
  
Total -0-

General Revenue -0-  
Federal Funds \_\_\_\_\_  
Cash Funds \_\_\_\_\_  
Special Revenue \_\_\_\_\_  
Other (Identify) \_\_\_\_\_  
  
Total -0-

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**

**Next Fiscal Year**

\$ -0-

\$ -0-

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**

**Next Fiscal Year**

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

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

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.