

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 1269 of the Regular Session

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005  
4

As Engrossed: H3/9/05

A Bill

HOUSE BILL 2474

5 By: Representatives Glidewell, Medley, Childers  
6 By: Senator Altes  
7  
8

9 **For An Act To Be Entitled**

10 AN ACT TO PROVIDE THAT MUNICIPALITIES MAY CHANGE  
11 DESIGNATED USES OF REVENUES DERIVED FROM A  
12 MUNICIPAL SALES OR USE TAX WITH VOTER APPROVAL;  
13 AND FOR OTHER PURPOSES.  
14

15 **Subtitle**

16 TO PROVIDE THAT MUNICIPALITIES MAY  
17 CHANGE DESIGNATED USES OF REVENUES  
18 DERIVED FROM A MUNICIPAL SALES OR USE  
19 TAX WITH VOTER APPROVAL.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
23

24 SECTION 1. Arkansas Code § 26-75-208, concerning municipal sales and  
25 use taxes on capital improvements, is amended to add an additional subsection  
26 to read as follows:

27 (c)(1)(A) The ballot may also indicate designated uses of the revenues  
28 derived from the sales and use tax.

29 (B) If the ballot indicates designated uses and the tax is  
30 approved, the proceeds shall only be used for the designated uses set forth  
31 in the ballot.

32 (2) The proceeds may be used for other designated uses if the  
33 electors approve a change in the designated use of the revenues by vote under  
34 this subsection.

35 (3)(A) The governing body of a city may refer to the voters a



1 change in the designated use of revenues derived from a sales or use tax that  
2 was approved by the voters.

3 (B) If the governing body of a city refers a change in the  
4 designated use of revenues derived from a sales or use tax to the voters, the  
5 governing body shall:

6 (i) Notify the county board of election  
7 commissioners that the measure has been referred to the voters; and

8 (ii) Submit a copy of the ballot title to the county  
9 board of election commissioners.

10 (C)(i) An election to change the designated use of  
11 revenues derived from a sales or use tax shall be conducted in the manner  
12 provided by law for all other municipal elections.

13 (ii) The results of an election under this  
14 subsection shall be certified, proclaimed, and subject to challenge under the  
15 procedures stated in § 26-75-209.

16 (4) If the voters approve a change in the designated use of  
17 revenues derived from a sales or use tax, the change in the indicated use  
18 shall apply to all revenues collected on the first day of the calendar month  
19 following the expiration of the thirty-day challenge period under § 26-75-  
20 209.

21 (5)(A) If the voters do not approve a change in the designated  
22 use of revenues derived from a sales or use tax, the tax shall continue to be  
23 collected, and the revenues derived from the tax shall continue to be used  
24 for the purposes indicated in the ballot for the tax.

25 (B) An election to change the designated use of revenues  
26 derived from a sales or use tax shall not constitute an election on the levy  
27 of the tax.

28 (6) Any city that has levied a local sales and use tax under  
29 this subchapter with a portion of the revenues derived from the tax pledged  
30 to secure lease rentals or bonds may not change the tax to reduce the pledge  
31 in favor of the lease or bonds.

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33 SECTION 2. Arkansas Code § 26-75-308, concerning municipal sales and  
34 use taxes on capital improvements, is amended to add an additional subsection  
35 to read as follows:

36 (c)(1) The ballot title may also include an expiration date, and, if

1 adopted in this form, the tax shall cease to be levied on the date noted on  
2 the ballot.

3 (2) The expiration date shall be the last day of a calendar  
4 quarter unless the proceeds are pledged for the payment of bonds, in which  
5 case the tax shall terminate as otherwise provided by law.

6 (d)(1)(A) The ballot may also indicate designated uses of the revenues  
7 derived from the sales or use tax.

8 (B) If the tax is approved, the proceeds shall only be  
9 used for the designated purposes.

10 (2) The proceeds may be used for other designated purposes if  
11 the electors approve a change in the designated use of the revenues by vote  
12 under this subsection.

13 (3)(A) The governing body of a city may refer to the voters a  
14 change in the designated use of revenues derived from a sales or use tax that  
15 was approved by the voters.

16 (B) If the governing body of a city refers a change in the  
17 designated use of revenues derived from a sales or use tax to the voters, the  
18 governing body shall:

19 (i) Notify the county board of election  
20 commissioners that the measure has been referred to the voters; and

21 (ii) Submit a copy of the ballot title to the county  
22 board of election commissioners.

23 (C)(i) An election to change the designated use of  
24 revenues derived from a sales or use tax shall be conducted in the manner  
25 provided by law for all other municipal elections.

26 (ii) The results of an election under subsection (d)  
27 of this section shall be certified, proclaimed, and subject to challenge  
28 under the procedures stated in § 26-75-309.

29 (4) If the voters approve a change in the designated use of  
30 revenues derived from a sales or use tax, the change in the designated use  
31 shall apply to all revenues collected on the first day of the calendar month  
32 following the expiration of the thirty-day challenge period under § 26-75-  
33 309.

34 (5)(A) If the voters do not approve a change in the designated  
35 use of revenues derived from a sales or use tax, the tax shall continue to be  
36 collected, and the revenues derived from the tax shall continue to be used

1 for the purposes indicated in the ballot for the tax.

2 (B) An election to change the designated use of revenues  
3 derived from a sales or use tax shall not constitute an election on the levy  
4 of the tax.

5 (6) Any city that has levied a local sales and use tax under  
6 this subchapter with a portion of the revenues derived from the tax pledged  
7 to secure lease rentals or bonds may not change the tax to reduce the pledge  
8 in favor of the lease or bonds.

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10 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the  
11 General Assembly of the State of Arkansas that municipal sales and use taxes  
12 are levied by the voters for specific uses; that if the tax revenue is no  
13 longer needed for that specific use, the revenues cannot be used for other  
14 purposes; that this act will allow the voters of the municipality the  
15 opportunity to change the use of the tax revenues; and that this act is  
16 immediately necessary because it provides that the voters may choose to  
17 change the use of the tax revenues. Therefore, an emergency is declared to  
18 exist and this act being immediately necessary for the preservation of the  
19 public peace, health, and safety shall become effective on:

20 (1) The date of its approval by the Governor;

21 (2) If the bill is neither approved nor vetoed by the Governor,  
22 the expiration of the period of time during which the Governor may veto the  
23 bill; or

24 (3) If the bill is vetoed by the Governor and the veto is  
25 overridden, the date the last house overrides the veto.

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27 /s/ Glidewell, et al  
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30 **APPROVED: 3/29/2005**

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