

**HOUSE AMENDMENT 1 TO hb2198.**

deleting lines 6 and 7 on page 2 and substituting the following:

"administer the tax in the same manner and at the same time as the tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq. The taxes collected by the Director under this section shall be remitted to the State Treasurer for distribution in accordance with §§ 26-75-619 and 26-75-620. The Director and the commission shall enter into an agreement establishing the month in which the Director will begin collection; however, in no event shall the Director be required to collect or refund any taxes for reporting periods prior to the effective date of the agreement."

AND

by adding the following new sections at line 9 on page 2:

"SECTION 2. Ark. Code Ann. § 14-20-112 is amended to add a new subsection (d) to read as follows:

(d) Upon the request of the levying county, the Director of the Department of Finance and Administration shall collect and administer tax in the same manner and at the same time as the tax levied by the Arkansas Gross Receipts Act of 1941, § 26-51-101 et seq. The taxes collected by the Director under this section shall be remitted to the State Treasurer for distribution in accordance with §§ 26-75-619 and 26-75-620. The Director and the county shall enter into an agreement establishing the month in which the Director will begin collection; however, in no event shall the Director be required to collect or refund any taxes for reporting periods prior to the effective date of the agreement.

SECTION 3. Ark. Code Ann. § 26-74-503 is amended to add a new subsection (e) to read as follows:

(e) Upon the request of the advertising and promotion commission of the levying county, the Director of the Department of Finance and Administration shall collect and administer the tax in the same manner and at the same time as the tax levied by the Arkansas Gross Receipts Act of 1941, § 26-51-101 et seq. The taxes collected by the Director under this section shall be remitted to the State Treasurer for distribution in accordance with §§ 26-75-619 and 26-75-620. The Director and the commission shall enter into an agreement establishing the month in which the Director will begin collection; however, in no event shall the Director be required to collect or refund any taxes for reporting periods prior to the effective date of the agreement.

SECTION 4. Ark. Code Ann. § 26-75-704 is amended to add a new subsection (c) to read as follows:

(c) Upon the request of the advertising and promotion commission of the levying city, the Director of the Department of Finance and Administration shall collect and administer the tax in the same manner and at the same time as the tax levied by the Arkansas Gross Receipts Act of 1941, § 26-51-101 et seq. The taxes collected by the Director under this section shall be remitted to the State Treasurer for distribution in accordance with §§ 26-75-619 and 26-75-620. The Director and the commission shall enter into an agreement establishing the month in which the Director will begin collection; however, in no event shall the Director be required to collect or refund any taxes for reporting periods prior to the effective date of the agreement.

SECTION 5. Title 26, Chapter 75, Subchapter 6 is amended to add a new section to read as follows:

26-75-619. Advertising and Promotion Tax Trust Funds.

(a) (1) There is created a trust fund on the books and records of the State Treasurer for the remittance of local advertising and promotion taxes which shall be known as the Local Advertising and Promotion Tax Trust Fund.

(2) (A) There is also created a trust fund on the books and records of the State Treasurer which shall be known as the Identification Pending Trust Fund for Local Advertising and Promotion Taxes.

(B) (i) Money reported as local advertising and promotion taxes which was collected in local taxing jurisdictions which are not immediately identifiable and money collected in local jurisdictions which have no tax shall be deposited in the Identification Pending Trust Fund for Local Advertising and Promotion Taxes.

(ii) When a local tax jurisdiction is identified for money which has been deposited in the Identification Pending Trust Fund for Local Advertising and Promotion Taxes, the money shall be transferred to the Local Advertising and Promotion Tax Trust Fund.

(iii) When the total amount in the Identification Pending Trust Fund for Local Advertising and Promotion Taxes exceeds fifty thousand dollars (\$50,000), the State Treasurer shall transfer any amount in excess of fifty thousand dollars (\$50,000) to general revenues.

(b) (1) The State Treasurer, as the administrator of the Local Advertising and Promotion Tax Trust Fund, shall review the flow of moneys through the trust fund in the State Treasury for the purpose of estimating the amount of the moneys as may be surplus to the immediate requirements of the fund.

(2) After making the estimate, the administrator shall invest the estimated surplus amount in certificates of deposit issued by any financial institution located in the State of Arkansas. All interest income derived from the certificates of deposit shall

be credited, as trust fund income, to the Local Advertising and Promotion Tax Trust Fund.

(3) The State Treasurer shall monthly transmit to the county and city advertising and promotion commissions or other financial officer their proportionate share of the interest derived from investment of the Local Advertising and Promotion Tax Trust Fund.

(c) For purposes of this section, the term local advertising and promotion taxes means taxes levied by a city or county pursuant to §§ 14-20-112, 26-74-501 et seq., 26-75-601 et seq., and 26-75-701 et seq.

SECTION 6. Title 26, Chapter 75, Subchapter 6 is amended to add a new section to read as follows:

26-75-620. Disposition of Funds.

(a) From the Local Advertising and Promotion Tax Trust Fund, the State Treasurer shall transmit to the advertising and promotion commission or financial officer of each city or county that city's or county's share of local advertising and promotion taxes collected by the Director periodically as promptly as feasible. Transmittals required under this subchapter shall be made at least monthly in each state fiscal year. Before transmitting such funds, the State Treasurer shall deduct three percent (3%) of the sum collected from each such city or county during such period as a charge by the state for its services, and the amount so deducted shall be deposited by the State Treasurer to the credit of the account of the Constitutional and Fiscal Agencies Fund.

(b) The State Treasurer is authorized to retain in the suspense account of any city or county a portion of the city's or county's share of the advertising and promotion tax collected by the Director. Such balance so retained in the suspense account shall not exceed five percent (5%) of the amount remitted to the city or county. The State Treasurer is authorized to make refunds from the suspense account of any city or county for overpayments made to such accounts, after such refunds have been approved by the director, and to redeem dishonored checks and drafts deposited to the credit of the suspense account of such cities or counties.

(c) When any city or county shall adopt the local advertising and promotion tax and shall thereafter abolish such tax, the State Treasurer shall retain in the suspense account of such city or county for a period of one (1) year five percent (5%) of the final remittance to such city or county at the time of termination of collection of such tax in the city or county to cover possible refunds for overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one (1) year has elapsed after the effective date of abolishment of such tax, the State Treasurer shall remit the balance of such account to the city or county and close the account. After this one-year period has lapsed and the account is closed, no refund will be allowed.

(d) Any moneys collected which, as indicated by a certified copy of an ordinance of

the city or county previously filed with the director and the State Treasurer, are pledged to secure lease rentals or the payment of bonds authorized by this subchapter shall not be deposited in the State Treasury but shall be deposited by the director, in banks designated by the city or county, as cash funds and transmitted to the city or county subject to the charges payable and retainage authorized in this section. Charges deducted shall be transmitted to the State Treasurer, and amounts retained shall be retained by the director as cash funds.

(e) For purposes of this section, the term local advertising and promotion taxes means taxes levied by a city or county pursuant to §§ 14-20-112, 26-74-501 et seq., 26-75-601 et seq., and 26-75-701 et seq.

SECTION 7. Title 26, Chapter 75, Subchapter 6 is amended to add a new section to read as follows:

26-75-621. Combining City and County Taxes.

Each vendor who is liable for one or more city or county advertising and promotion taxes shall report a combined city and combined county advertising and promotion tax on his sales and use tax report. The combined city advertising and promotion tax is equal to the sum of all city advertising and promotion taxes levied under §§26-75-601 et seq. and 26-75-701 et seq. The combined county advertising and promotion tax is equal to the sum of all county advertising and promotion taxes levied by a county under §§ 14-20-112 and 26-74-501 et seq. "

AND

by appropriately renumbering the remaining sections.