

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.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H3/14/03 H3/25/03

A Bill

HOUSE BILL 2646

5 By: Representative Pace
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7

For An Act To Be Entitled

9 AN ACT TO AMEND VARIOUS SECTIONS OF THE ARKANSAS
10 CODE TO PROVIDE THAT CERTAIN COUNTY TAXES ON
11 AVIATION FUEL BE REMITTED TO A REGIONAL AIRPORT
12 LOCATED IN THE TAXING COUNTY; TO PROVIDE THE
13 METHOD OF CALCULATING AND COLLECTING SALES AND
14 USE TAXES ON CERTAIN AIRCRAFT; AND FOR OTHER
15 PURPOSES.
16

Subtitle

17 AN ACT TO AMEND VARIOUS SECTIONS OF THE
18 ARKANSAS CODE WITH RESPECT TO CERTAIN
19 COUNTY TAXES ON AVIATION FUEL AND SALES
20 AND USE TAXES ON CERTAIN AIRCRAFT.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code § 14-164-336, pertaining to the Local Sales
27 and Use Tax Trust Fund, is amended to add a new subdivision (d) to read as
28 follows:

29 (d) All revenues that are derived from a tax on aviation fuel, except
30 revenue derived from taxes in effect on December 30, 1987, by a city in which
31 a regional airport as described by the Regional Airport Act, § 14-362-101 et
32 seq. is located after deducting the three percent (3%) for cost of collection
33 shall be remitted by the Treasurer of State directly to the regional airport
34 located within the levying city.
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36 SECTION 2. Arkansas Code § 26-74-214(b)(1), pertaining to the



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1 disposition of county sales and use tax, is amended to read as follows:

2 (b)(1) Except as set forth in subsections (f) and (g) of this section,
3 ~~All~~ all funds received by the Treasurer of State from the sales tax levied by
4 each county after deducting the three percent (3%) for the Constitutional and
5 Fiscal Agencies Fund shall be deposited in the Local Sales and Use Tax Trust
6 Fund and shall be credited to the account of the county in which it was
7 collected.

8
9 SECTION 3. Arkansas Code § 26-74-214 is amended to add a new
10 subsection (g) to read as follows:

11 (g) Any moneys collected that are derived from a tax on aviation fuel,
12 except revenue derived from taxes in effect on December 30, 1987, levied by a
13 county in which a regional airport as described by the Regional Airport Act,
14 § 14-362-101 et seq. is located, shall not be deposited in the State
15 Treasury, but shall be deposited by the Treasurer of State in a bank or banks
16 designated by the regional airport located within the levying county as cash
17 funds and transmitted to the regional airport, subject to the three percent
18 (3%) charge by the state for its services as specified in this section.
19 Charges deducted shall be transmitted to the Treasurer of State as cash
20 funds.

21
22 SECTION 4. Arkansas Code § 26-74-313(b), pertaining to the disposition
23 of county sales and use tax, is amended to read as follows:

24 (b) Except as set forth in ~~subsection~~ subsections (c) and (e) of this
25 section, any tax collected by the director under this subchapter on behalf of
26 any county shall be deposited with the State Treasurer in trust and shall be
27 kept in a separate suspense account.

28
29 SECTION 5. Arkansas Code § 26-74-313 is amended to add a new
30 subsection (e) to read as follows:

31 (e) Any moneys collected that are derived from a tax on aviation fuel,
32 except revenue derived from taxes in effect on December 30, 1987, levied by a
33 county in which a regional airport as described by the Regional Airport Act,
34 § 14-362-101 et seq. is located, shall not be deposited in the State
35 Treasury, but shall be deposited by the Treasurer of State in a bank or banks
36 designated by the regional airport located within the levying county as cash

1 funds and transmitted to the regional airport subject to the three percent
2 (3%) charge by the state for its services as specified in this section.
3 Charges deducted shall be transmitted to the Treasurer of State as cash
4 funds.

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6 SECTION 6. Arkansas Code § 26-74-409(b)(1) is amended to read as
7 follows:

8 (b)(1) Except as set forth in subsection (g) of this section, All all
9 funds received by the State Treasurer from the sales tax levied by each
10 county, after deducting the amounts required by subsection (a) of this
11 section, shall be credited to the account of the county in which collected.
12

13 SECTION 7. Arkansas Code § 26-74-409, pertaining to the disposition of
14 county sales and use tax, is amended to add a new subsection (g) to read as
15 follows:

16 (g) Any moneys collected that are derived from a tax on aviation fuel,
17 except revenue derived from taxes in effect on December 30, 1987, levied by a
18 county in which a regional airport as described by the Regional Airport Act,
19 § 14-362-101 et seq. is located, shall not be deposited in the State
20 Treasury, but shall be deposited by the Treasurer of State in a bank or banks
21 designated by the regional airport located within the levying county as cash
22 funds and transmitted to the regional airport subject to the three percent
23 (3%) charge by the state for its services as specified in this section.
24 Charges deducted shall be transmitted to the Treasurer of State as cash
25 funds.

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27 SECTION 8. Arkansas Code § 26-75-217, pertaining to the disposition of
28 municipal sales and use tax, is amended to add a new subsection (e) to read
29 as follows:

30 (e) All revenues collected by the Director of the Department of
31 Finance and Administration that are derived from a tax on aviation fuel,
32 except revenue derived from taxes in effect on December 30, 1987, by a city
33 in which a regional airport as described by the Regional Airport Act, § 14-
34 362-101 et seq. is located after deducting the three percent (3%) for cost of
35 collection shall be remitted by the Treasurer of State to the regional
36 airport located within the levying city at the same time the director remits

1 sales tax revenues to the State Treasury.

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3 SECTION 9. Arkansas Code § 26-75-506, pertaining to the disposition of
4 municipal sales and use tax, is amended to add a new subsection (c) to read
5 as follows:

6 (c) All revenues collected by the Director of the Department of
7 Finance and Administration that are derived from a tax on aviation fuel,
8 except revenue derived from taxes in effect on December 30, 1987, by a city
9 in which a regional airport as described by the Regional Airport Act, § 14-
10 362-101 et seq. is located after deducting the three percent (3%) for cost of
11 collection shall be remitted by the Treasurer of State to the regional
12 airport located within the levying city at the same time the director remits
13 sales tax revenues to the State Treasury.

14
15 SECTION 10. Arkansas Code § 26-81-107(c)(1) is amended to read as
16 follows:

17 (c)(1) Except as set forth in subsection (d) of this section, All all
18 funds received by the State Treasurer from the sales tax levied by each
19 county after deducting the three percent (3%) for the Constitutional and
20 Fiscal Agencies Fund shall be deposited in the Local Sales and Use Tax Trust
21 Fund and shall be credited to the account of the county in which collected.

22
23 SECTION 11. Arkansas Code § 26-81-107 is amended to add a new
24 subsection (d) to read as follows:

25 (d) Any moneys collected that are derived from a tax on aviation fuel,
26 except revenue derived from taxes in effect on December 30, 1987, levied by a
27 county in which a regional airport as described by the Regional Airport Act,
28 § 14-362-101 et seq. is located, shall not be deposited in the State
29 Treasury, but shall be deposited by the Treasurer of State in a bank or banks
30 designated by the regional airport located within the levying county as cash
31 funds and transmitted to the regional airport subject to the three percent
32 (3%) charge by the state for its services as specified in this section.
33 Charges deducted shall be transmitted to the Treasurer of State as cash
34 funds.

35
36 SECTION 12. (a) For purposes of this section, "annual base" means a

1 calculation by dividing the gross receipts as defined by Arkansas Code § 26-
2 52-103 or the sales price as defined by Arkansas Code § 26-53-102 of an
3 aircraft that has a certified maximum take-off weight in excess of seventy
4 thousand (70,000) pounds by ten (10).

5 (b)(1) The only tax imposed by the Arkansas Gross Receipts Act of 1941
6 and the Arkansas Compensating Tax Act of 1949, and in lieu of any other state
7 imposed sales or use taxes, that is applicable to an aircraft which has a
8 certified maximum take-off weight in excess of seventy thousand (70,000)
9 pounds shall be levied and payable as prescribed by this section.

10 (2) The only amount of the tax levied under the Arkansas Gross
11 Receipts Act of 1941 or the Arkansas Compensating Tax Act of 1949 and the
12 amount of each annual tax payment shall be the then applicable rate of tax
13 under the Arkansas Gross Receipts Act of 1941 or the Arkansas Compensating
14 Tax Act of 1949 that would otherwise be applicable but for this act times the
15 annual base times a fraction, the numerator of which is the amount of time of
16 flight operations occurring over the State of Arkansas for the prior twelve
17 (12) months and the denominator of which is the total amount of time of
18 flight operations for the prior twelve (12) months.

19 (3) The denominator and numerator of the fraction prescribed in
20 subsection (b) of this section shall be determined by the flight records of
21 the aircraft.

22 (4) Payment of the tax levied and payable under this section
23 shall be made annually beginning on the twelfth month following the month
24 that any tax otherwise would have been due and on the same month of each year
25 thereafter for the next ten (10) years or such lesser period during which the
26 aircraft is based in Arkansas.

27
28 SECTION 13. EMERGENCY CLAUSE. It is found and determined by the
29 General Assembly that the current applicability of sales and use taxes is
30 having a material adverse effect on both existing corporate headquarters and
31 the state's ability to attract potential corporate headquarters and that
32 removing the tax on large corporate aircraft to be purchased and based in
33 Arkansas will provide an incentive to attract and maintain corporate
34 headquarters in this state and will result in the economic betterment of the
35 state; that the regional airport beneficiaries of the funds levied under the
36 Regional Airport Act are suffering material adverse consequences under

1 current procedures and that accelerated receipt of those funds is
2 appropriate. Therefore, an emergency is declared to exist and this act being
3 immediately necessary for the preservation of the public peace, health, and
4 safety shall become effective on:

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

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

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

11 /s/ Pace
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