

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

As Engrossed: H1/27/04
A Bill

Call Item 6

HOUSE BILL 1137

5 By: Representatives King, *Walters*
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For An Act To Be Entitled

9 AN ACT TO LEVY AN ADDITIONAL GROSS RECEIPTS AND
10 COMPENSATING USE TAX OF ONE PERCENT (1%); TO
11 CREATE THE EDUCATIONAL ADEQUACY TRUST FUND; AND
12 FOR OTHER PURPOSES.

Subtitle

15 LEVIES AN ADDITIONAL 1% SALES AND USE
16 TAX AND CREATES THE EDUCATIONAL ADEQUACY
17 TRUST FUND.
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19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 26-52-302, concerning the levy of gross
23 receipts tax, is amended to add a new subsection as follows:

24 (d)(1) Beginning April 1, 2004, there is levied an additional excise
25 tax of one percent (1%) upon all taxable sales of property and services
26 subject to the tax levied by the Arkansas Gross Receipts Act of 1941, § 26-
27 52-101 et seq.

28 (2) The tax shall be collected, reported, and paid in the same
29 manner and at the same time as is prescribed by the Arkansas Gross Receipts
30 Act of 1941, § 26-52-101 et seq., for the collection, reporting, and payment
31 of Arkansas gross receipts taxes.
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33 SECTION 2. Arkansas Code § 26-52-311(b)(1), pertaining to the rental
34 vehicle tax, is amended to read as follows:

35 (b)(1) In addition to the rate in subsection (c) of this section, the
36 rental vehicle tax shall be levied at the ~~same rate as the combined gross~~



1 ~~receipts taxes levied by §§ 26-52-301 and 26-52-302 and any act supplemental~~
2 ~~thereto~~ rate of five percent (5%) and the rate of any applicable municipal or
3 county taxes.

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5 SECTION 3. Arkansas Code § 26-53-107, *effective when contingency in*
6 Acts 2003, No. 1273, § 88 is met and concerning the levy of compensating tax,
7 is amended to add a new subsection to read as follows:

8 (d)(1) Beginning April 1, 2004, there is levied an additional excise
9 tax of one percent (1%) upon all tangible personal property and taxable
10 services subject to the tax levied by the Arkansas Compensating Tax Act of
11 1949, § 26-53-101 et seq.

12 (2) The tax shall be collected, reported, and paid in the same
13 manner and at the same time as is prescribed by the Arkansas Compensating Tax
14 Act of 1949, § 26-53-101 et seq., for the collection, reporting, and payment
15 of Arkansas compensating taxes.

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17 SECTION 4. Arkansas Code § 26-53-107, *effective until contingency in*
18 Acts 2003, No. 1273, § 88 is met and concerning the levy of compensating tax,
19 is amended to add a new subsection as follows:

20 (d)(1) Beginning April 1, 2004, there is hereby levied an additional
21 excise tax of one percent (1%) upon all tangible personal property subject to
22 the tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et
23 seq.

24 (2) The tax shall be collected, reported, and paid in the same
25 manner and at the same time as is prescribed by the Arkansas Compensating Tax
26 Act of 1949, § 26-53-101 et seq., for the collection, reporting, and payment
27 of Arkansas compensating taxes.

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29 SECTION 5. Educational Adequacy Trust Fund.

30 (a) There is hereby created on the books of the Treasurer of State,
31 the Auditor of State, and Chief Fiscal Officer of the State a special revenue
32 fund to be known as the Educational Adequacy Trust Fund.

33 (b) The fund shall consist of the revenues generated by Arkansas Code
34 §§ 26-52-302(d) and 26-53-107(d).

35 (c)(1) Each month, the Chief Fiscal Officer of the State will
36 determine the amount of funds required from the Educational Adequacy Trust

1 Fund which, when added to other resources available to the Department of
2 Education Public School Fund Account, is needed to fulfill the financial
3 obligation of the state to provide an adequate educational system and shall
4 certify the amount to the Treasurer of State.

5 (2) At the end of each month, the Treasurer of State shall
6 transfer all monies available from the fund to the Department of Education
7 Public School Fund Account established in § 19-5-305, until the sum of all
8 transfers from the Educational Adequacy Trust Fund equal the amount
9 determined in subdivision (c)(1) of this section, there to be used as
10 determined by law.

11 (d) If the Chief Fiscal Officer of the State determines that the
12 transfers from the Educational Adequacy Trust Fund, when added to the other
13 resources available to the Department of Education Public School Fund
14 Account, are not sufficient to meet the state's financial obligation to
15 provide an adequate educational system, the additional amount required shall
16 be transferred from the other funds and fund accounts within §§ 19-5-402(a)
17 and 19-5-404(a) based upon the proportion that each allocation to the
18 remaining funds and fund accounts bears to the total allocation to the
19 remaining funds and fund accounts in §§ 19-5-402(a) and 19-5-404(a).

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21 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
22 General Assembly that the provision of an equal opportunity for an adequate
23 education to all the citizens of the state is imperative; that additional
24 funds are immediately needed to provide an equal opportunity for an adequate
25 education; that this act is designed to provide the additional revenues
26 needed to provide this equal opportunity to all citizens; and that a delay in
27 the effective date of this act will cause irreparable harm upon the provision
28 of essential education opportunities and the proper administration of
29 educational programs. Therefore, an emergency is declared to exist and this
30 act being immediately necessary for the preservation of the public peace,
31 health, and safety shall be in full force and effect on April 1, 2004.

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33 /s/ King, et al
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