

"AN ACT TO AMEND SUBSECTION (d) OF SECTION 1 OF ACT 991 OF 1981, AS AMENDED BY ACT 688 OF 1987 [ARK. STATS. 17-2019(d)], TO PRESCRIBE THE MANNER OF DISTRIBUTING PROCEEDS DERIVED FROM THE ONE PERCENT COUNTYWIDE SALES TAX TO THE COUNTY AND TO THE VARIOUS MUNICIPALITIES WITHIN THE COUNTY; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Subsection (d) of Section 1 of Act 991 of 1981, as amended by Act 688 of 1987, the same being Arkansas Statutes 17-2019(d), is hereby amended to read as follows:

"(d) (1) The State Treasurer shall transmit to the treasurer or financial officer of each city and county their per capita share, after deducting the amount required for claims, overpayments and bad checks, as certified by the Commissioner of Revenues. Except as is otherwise provided in paragraph (2) of this subsection, the last official federal decennial census or later special census which included the county as a whole shall be used in computing the per capita share that each city and county shall receive from the proceeds of said tax. Every county which is petitioned by any city or town located in that county for a countywide special census to be conducted shall request a countywide special census on the condition that the city or town requesting the census post adequate bond with the county clerk to cover the cost of the census, and provided further, that the cost of conducting the census shall be borne by the several taxing units within the county in the same proportion that they will receive an increase in the distribution of a countywide sales tax as a result of the special census. Provided, in the case of those counties in which an official census has been conducted in a municipality therein since the last decennial federal census and before April 7, 1987, the distribution of proceeds from the one percent countywide sales tax shall continue to be distributed in the manner and under the same formula as was used for the distribution of funds prior to April 7, 1987, until such time as a countywide census is conducted in such county. Transmittals shall be made at least quarterly in each fiscal year. Funds so transmitted may be used by the cities and counties for any purpose for which the city's general funds or county's general funds may be used. Before transmitting such funds, the State Treasurer shall deduct three percent (3%) of the sum collected as a charge by the State for its services specified in this Act, and the amount so deducted shall be deposited by the State Treasurer to the credit of the Constitutional and Fiscal Agencies Fund, or to any successor State Treasury fund or funds established by law to replace the Constitutional and Fiscal Agencies Fund. The Commissioner is authorized to retain in the suspense account a balance not to exceed five percent (5%) of the amount remitted to the local governments. The Commissioner is authorized to make refunds from the suspense account of any overpayments made and to redeem dishonored checks and drafts deposited to the credit of the suspense account. When any tax adopted pursuant to this Act is thereafter abolished, the Commissioner shall retain in the suspense account for a period of one (1) year five percent (5%) of the final remittance to the local governments at the time of termination of collection of such tax to cover such possible refunds for overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of the suspense account. After one (1) year has elapsed after the effective date of the abolishment of the tax, the Commissioner shall remit the balance of such account to the

governing bodies of the cities and counties and close the account. The restriction of the use of the last federal decennial census referred to in this paragraph shall not apply in the case of annexation, nor shall it affect the taking of a special census for any purpose other than the distribution of a one percent (1%) countywide sales tax.

(2) It is the intention of this subsection that the proceeds from the one percent countywide gross receipts tax shall be allocated and distributed to each county and the municipalities therein on the basis of the last federal decennial census or the last countywide special census whichever is the most recent, except that in those counties in which one or more municipalities had a special census before April 7, 1987, and the proceeds of the tax were distributed on the basis of such special census, the proceeds of the tax shall continue to be allocated and distributed in the same manner as such funds were distributed before April 7, 1987, until a special countywide census or a federal decennial census is conducted in the county."

SECTION 2. EMERGENCY CLAUSE. It is hereby found and determined by the General Assembly that the provisions of Act 688 of 1987 have resulted in financial hardship to a number of municipalities in this State, and that immediate clarification thereof is necessary to prevent a drastic reduction in essential services in such municipalities. Therefore, an emergency is hereby declared to exist and this Act, being immediately necessary for the preservation of the public peace, health, and safety, shall be in full force and effect from and after its passage and approval.

APPROVED: June 26, 1987

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