

As Engrossed: 2/4/91 3/7/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**

A BILL ACT 536 OF 1991
HOUSE BILL 1301

4 **By: Representatives Jones, McCuiston,**
5 **Collier and Dietz**

6
7 **For An Act To Be Entitled**

8 "AN ACT TO AMEND ARKANSAS CODE 26-74-212 AND ARKANSAS CODE
9 26-75-216 TO PROVIDE WHEN COUNTY AND CITY LOCAL SALES
10 TAXES SHALL BE COLLECTED AND WHEN COUNTY AND CITY LOCAL
11 SALES TAXES SHALL NOT BE COLLECTED; AND FOR OTHER
12 PURPOSES."

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

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16 SECTION 1. Arkansas Code Section 26-74-212 is hereby amended to read as
17 follows:

18 "26-74-212. Applicability of tax.

19 (a) A county sales tax levied pursuant to the authority granted in this
20 subchapter or in 26-74-301 et seq., shall be applicable to sales of items and
21 services sold by a business located in the levying county to a
22 *resident or nonresident of the levying county but shall not be applicable to*
23 *the sale of motor vehicles to non-residents of the county; provided, however,*
24 *the tax shall not be applicable to the sale of items and services sold to a*
25 *nonresident of the levying county if the sale is made for delivery to an*
26 *address which is in a city or county that does not impose a city or county*
27 *sales tax, and the sale is of an item that is primarily sold through meter and*
28 *by route delivery, if the sale is documented by a sales invoice indicating*
29 *that the sale was made for delivery, and that delivery was actually made to*
30 *the person at the place noted thereon located outside a county or city in*
31 *which a sales tax is levied. When a motor vehicle is sold to a person who*
32 *resides in Arkansas but outside the county where the sale was made, and the*
33 *city and/or county of residence of the purchaser levies a sales and use tax, a*
34 *use tax shall be collected at the rate levied in the city and/or county of*
35 *residence of the purchaser and in that event the tax shall be transmitted to*
36 *the city and/or county of residence.*

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1 (b) This sales tax shall not be applicable to sales of items or
2 services by a business located in a county which levies no county sales tax,
3 regardless of the place of residence of the purchaser.

4 (c) *The tax shall not be applicable to the sale of the following items*
5 *if the sale is made to a nonresident of the levying county and the sales*
6 *invoice indicates that the sale was made for delivery to and delivery was*
7 *actually made to an address which is located in a city or county that does not*
8 *impose a city or county sales tax: aviation fuel; distillate special fuel used*
9 *for agricultural purposes; agricultural machinery, parts, repairs and supplies*
10 *therefor; water wells and water well supplies; agricultural feed, seed, and*
11 *fertilizer; and agricultural chemicals."*

12

13 SECTION 2. Arkansas Code Section 26-75-216 is hereby amended to read as
14 follows:

15 "26-75-216. Applicability of tax.

16 (a) A city sales tax levied pursuant to the authority granted in this
17 subchapter or in 26-75-301 et seq. shall be applicable to sales of items and
18 services sold by a business located in a levying city to a
19 resident or nonresident of the levying city but shall not be applicable to
20 motor vehicles sold to non-residents of the levying city; provided, however,
21 the tax shall not be applicable to the sale of items and services sold to a
22 nonresident of the levying city if the sale is made for delivery to an address
23 which is in a city or county that does not impose a city or county sales tax,
24 and the sale is of an item that is primarily sold through meter and by route
25 delivery, if such sale is documented by a sales invoice indicating that the
26 sale was made for delivery and that delivery was actually made to the person
27 at the place noted thereon located outside a city or county in which a sales
28 tax is levied. When a motor vehicle is sold to a person who resides in
29 Arkansas but outside the city where the sale was made, and the city and/or
30 county of residence of the purchaser levies a sales and use tax, a use tax
31 shall be collected at the rate levied in the city and/or county of residence
32 of the purchaser and in that event the tax shall be transmitted to the city
33 and/or county of residence.

34 (b) This sales tax shall not be applicable to sales of items or
35 services by a business located in a city which levies no city sales tax

1 regardless of the place of residence of the purchaser."

2 (c) *The tax shall not be applicable to the sale of the following items*
3 *if the sale is made to a nonresident of the levying city and the sales invoice*
4 *indicates that the sale was made for delivery to and delivery was actually*
5 *made to an address which is located in a city or county that does not impose a*
6 *city or county sales tax: aviation fuel; distillate special fuel used for*
7 *agricultural purposes; agricultural machinery, parts, repairs and supplies*
8 *therefor; water wells and water well supplies; agricultural feed, seed, and*
9 *fertilizer; and agricultural chemicals."*

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11 SECTION 3. All provisions of this act of a general and permanent nature
12 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
13 Revision Commission shall incorporate the same in the Code.

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15 SECTION 4. If any provision of this act or the application thereof to
16 any person or circumstance is held invalid, such invalidity shall not affect
17 other provisions or applications of the act which can be given effect without
18 the invalid provision or application, and to this end the provisions of this
19 act are declared to be severable.

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21 SECTION 5. All laws and parts of laws in conflict with this act are
22 hereby repealed.

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24 SECTION 6. EMERGENCY. It is hereby found and determined by the General
25 Assembly that cities and counties are faced with financial crises with
26 reference to having sufficient tax resources to fund capital improvements and
27 to provide services to their inhabitants; that the citizens in most cities and
28 counties have opted to levy an additional gross receipts tax on themselves,
29 making over ninety percent (90%) of all sales in Arkansas subject to local
30 gross receipts taxation; that the present method of not collecting the tax on
31 delivery to an address in a city or county that does not levy a similar tax
32 results in sales on which no tax is collected, thereby depriving the cities
33 and counties of much needed revenues; that this system is working a great
34 hardship on local merchants by causing extra bookkeeping expense; that
35 eliminating the exception provided in the present collection process would

1 provide additional revenues for cities and counties; and that the financial
2 crises of the cities and counties constitute such an emergency that the
3 immediate passage of this act is necessary in order to provide financial
4 relief to them. Therefore, an emergency is declared to exist and this act
5 being necessary for the preservation of the public peace, health, and safety
6 shall take effect and be in full force from and after its passage and
7 approval.

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/s/ M. Jones et al

APPROVED: 3-13-91