

As Engrossed: 3/7/91

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

A BILL ACT 726 OF 1991
HOUSE BILL 1938

4 **By: Representatives Mullenix, Parkerson, and Allen**

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For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 26-75-602 TO PRESCRIBE THE
9 METHOD OF FILLING VACANCIES ON MUNICIPAL ADVERTISING AND
10 PROMOTION COMMISSIONS; TO AMEND ARKANSAS CODE 26-75-606 (a)
11 AND (b) RELATING TO THE USE OF FUNDS DERIVED FROM THE
12 LOCAL SALES TAX ON HOTEL, MOTEL AND RESTAURANT RECEIPTS;
13 AND FOR OTHER PURPOSES."

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

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17 SECTION 1. Arkansas Code 26-75-602 is hereby amended by adding a new
18 subdivision at the end thereof to read as follows:

19 "(h) In any city which levies a tax at the rate of three percent (3%)
20 as authorized in subdivision (d), vacancies on the commission whether
21 resulting from expiration of a regular term or otherwise occurring after March
22 1, 1991, in any of the four (4) tourism industry positions provided for in
23 (f) (1) or in the at-large position provided for in (f) (3) shall be filled by
24 appointment made by the remaining members of the commission, with the approval
25 of the governing body of the city.

26 Persons selected to fill vacancies in any of the four (4) tourism
27 industry positions provided for in (f) (1) or to fill vacancies in the at-large
28 position provided for in (f) (3) may be persons who reside either within the
29 levying city or in the county outside the levying city."

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31 SECTION 2. Arkansas Code 26-75-606(a) and (b) are hereby amended to
32 read as follows:

33 "26-75-606. Use of funds collected.

34 (a) (1) All funds credited to the city advertising and promotion fund
35 pursuant to this subchapter shall be used for advertising and promoting the
36 city and its environs or for the construction, reconstruction, extension,

1 equipment, improvement, maintenance, repair, and operation of a convention
2 center or for the operation of tourist promotion facilities in the city, and
3 facilities necessary for, supporting, or otherwise pertaining to, a convention
4 center, or for the payment of the principal of, interest on, and fees and
5 expenses in connection with, bonds as provided in this subchapter in the
6 manner as shall be determined by the city advertising and promotion
7 commission.

8 (2) The commission is the body that determines the use of the city
9 advertising and promotion fund. Pursuant to this section, if the commission
10 determines that funding of the arts is necessary for or supporting of its
11 city's advertising and promotion endeavors, it can use its funds derived from
12 the hotel and restaurant tax.

13 (3) All local taxes levied as authorized in 26-75-602(d) shall be
14 credited to the city advertising and promotion fund and shall be used for the
15 purposes described in subsections (a) and (b) of this section.

16 (1) Such taxes shall not be used:

17 (A) For general capital improvements within the city;

18 (B) For the costs associated with the general operation of the city;

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20 (C) For general subsidy of any civic groups or the chamber of commerce.

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22 (2) However, the advertising and promotion commission may contract with
23 such groups to provide to the commission actual services that are connected
24 with tourism events or conventions;

25 (3) The authorization and limitations contained in this subsection
26 shall be reasonably construed so as to provide funds for promoting and
27 encouraging tourism and conventions while not allowing such special revenues
28 to be utilized for expenditures that are normally paid from general revenues
29 of the city.

30 (b)(1) Any city of the first class which is authorized to levy and does
31 levy a one percent (1%) or two percent (2%) gross receipts tax on the gross
32 receipts or gross proceeds derived from furnishing hotel or motel
33 accommodations and upon the gross receipts or gross proceeds of restaurants
34 and similar establishments, as authorized in this subchapter, is authorized to
35 use or pledge all, or any part of, the revenues derived from the tax for the

1 purposes prescribed in this subchapter, or for the operation of tourist-
2 oriented facilities including, but not limited to, theme parks and other
3 family entertainment facilities or the retirement of bonds issued for the
4 establishment and operation of other tourist-oriented facilities including,
5 but not limited to, theme parks and other family entertainment facilities.
6 These revenues shall be used or pledged for the purposes authorized in this
7 subsection only upon approval of the city advertising and promotion commission
8 created pursuant to this subchapter.

9 (2) Funds credited to the city advertising and promotion fund pursuant
10 to this subchapter, may be used, spent, or pledged by the commission, in
11 addition to all other purposes prescribed in this subchapter, on and for the
12 construction, reconstruction, repair, maintenance, improvement, equipping, and
13 operation of public recreation facilities in said city and for the payment of
14 the principal of, interest on, and fees and expenses in connection with, bonds
15 as provided in this subchapter in the manner as shall be determined by the
16 city advertising and promotion commission for this purpose."

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

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22 SECTION 4. If any provision of this act or the application thereof to
23 any person or circumstance is held invalid, such invalidity shall not affect
24 other provisions or applications of the act which can be given effect without
25 the invalid provision or application, and to this end the provisions of this
26 act are declared to be severable.

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

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31 SECTION 6. EMERGENCY. It is hereby found and determined by the General
32 Assembly that there is urgent need to revise current law relating to municipal
33 advertising and promotion commissions and relating to the authorized uses of
34 local revenues derived from local sales taxes levied on gross receipts of
35 hotels, motels and restaurants; that this act is designed to accomplish this

1 purpose and should be given effect immediately. Therefore, an emergency is
2 hereby declared to exist and this act being necessary for the preservation of
3 the public peace, health and safety shall be in full force and effect from and
4 after its passage and approval.

5 */s/T. Mullenix, et al*

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7 APPROVED: 3-25-91

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