

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**
4 **By: Senator Dowd**

A Bill

ACT 1008 OF 1995
SENATE BILL 762

For An Act To Be Entitled

8 "AN ACT TO LEVY AN ADDITIONAL GROSS RECEIPTS AND CONSUMER
9 USE TAX OF ONE-HALF PERCENT; TO DEDICATE THE ADDITIONAL
10 REVENUES FOR PARTIAL REPAYMENT OF GENERAL OBLIGATION
11 HIGHWAY CONSTRUCTION BONDS; AND FOR OTHER PURPOSES."

Subtitle

14 "LEVIES ONE-HALF PERCENT SALES AND USE
15 TAX FOR PARTIAL REPAYMENT OF HIGHWAY
16 CONSTRUCTION BONDS."

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

20 SECTION 1. Ark. Code Ann. §26-52-302 is amended to add a new subsection
21 to read as follows:

22 "(c) In addition to the excise tax levied upon the gross proceeds or
23 gross receipts derived from all sales by the Arkansas Gross Receipts Act,
24 §26-52-101 et seq., there is hereby levied an excise tax of one-half of one
25 percent (0.5%) upon all taxable sales of property and services subject to the
26 tax levied in that act, and such tax shall be collected, reported, and paid in
27 the same manner and at the same time as is prescribed by law for the
28 collection, reporting, and payment of all other Arkansas gross receipts taxes.
29 Provided that, in computing gross receipts or gross proceeds as defined in
30 §26-52-103(a)(4), a deduction shall be allowed for bad debts resulting from
31 the sale of tangible personal property."

33 SECTION 2. Ark. Code Ann. §26-53-107 is amended to add a new subsection
34 to read as follows:

35 "(c) In addition to the excise tax levied upon the privilege of storing,
36 using, distributing, or consuming tangible personal property within the state

1 by the Arkansas Compensating Tax Act, §26-53-101 et seq., there is hereby
2 levied an excise tax of one-half of one percent (.5%) upon all tangible
3 personal property subject to the tax levied in that act, and such tax shall be
4 collected, reported, and paid in the same manner and at the same time as is
5 prescribed by law for the collection, reporting, and payment of Arkansas
6 compensating taxes."

7

8 SECTION 3. Ark. Code Ann. §26-52-303(a) is amended to read as follows:

9 "(a) In instances where an Arkansas city or incorporated town is:

10 (1) Divided by a state line from an incorporated city or town in an
11 adjoining state;

12 (2) The city or town in the adjoining state is of greater population than
13 the Arkansas city or town; and

14 (3) That a tax imposed in such adjoining state is in the nature of a
15 selective sales tax or limited to specific items as a special excise tax, then
16 the rate of tax upon such articles on the Arkansas side shall be at the same
17 rate imposed in such adjoining state, not to exceed five percent (5%).

18 Provided that, if such border city has voted to levy an additional one percent
19 (1%) gross receipts tax in such city in lieu of paying state income taxes by
20 individuals who are residents of said city, as authorized by §26-52-601 et
21 seq., in such event the rate of tax shall be one percent (1%) above said five
22 percent (5%)."

23

24 SECTION 4. (a) There is hereby established on the books of the
25 Treasurer of State, Auditor of State, and the Chief Fiscal Officer of the
26 State a special account within the State Highway and Transportation Department
27 Fund to be designated as the 1995 Arkansas Highway Construction and
28 Improvement Bond Account.

29 (b) On the last day of each month, the Treasurer of State,
30 after making the deductions required from the net general revenues as set out
31 in §19-5-202(b)(2)(B)(i), shall also deduct from said net general revenues
32 such amounts as are certified by the Chief Fiscal Officer of the State as
33 having accrued from the additional excise taxes collected pursuant to §26-52-
34 302(c), specifically including those tax revenues from sales of aircraft,
35 aircraft fuel and other aviation items; from §26-53-107(c); and from the

1 increased rental vehicle tax revenues (§26-52-311) resulting from this act,
2 and transfer them to the 1995 Arkansas Highway Construction and Improvement
3 Bond Account. It is specifically intended that none of the tax revenues
4 accruing from this act shall be designated as special revenues for deposit to
5 the Arkansas Department of Aeronautics Fund in accordance with §27-115-110.

6
7 SECTION 5. EFFECTIVE DATE. The taxes levied by Ark. Code Ann. §§26-52-
8 302(c) and 26-53-107(c) shall not become effective until after a majority of
9 *the qualified electors of the state voting on the question approve the*
10 *issuance of highway construction and improvement general obligation bonds to*
11 *be repaid in part by the taxes levied by Ark. Code Ann. §§26-52-302(c) and 26-*
12 *53-107(c) and deposited to the 1995 Arkansas Highway Improvement Bond Account*
13 *in the State Highway and Transportation Department Fund in accordance with the*
14 *Arkansas Highway General Obligation Bond Act of 1995. If such election is*
15 *called by the Governor and the bond issue approved, the effective date of the*
16 *taxes levied by Ark. Code Ann. §§26-52-302(c) and 26-53-107(c) shall be on the*
17 *first day of the calendar month following ninety (90) days after publication*
18 *of the Governor's proclamation of the election results.*

19

20 SECTION 6: TERMINATION OF TAX.

21 a. If bonds are issued pursuant to the Arkansas Highway General
22 Obligation Bond Act of 1995 (the "1995 Act"), the taxes levied by Ark. Code
23 Ann. §§26-52-302(c) and 26-53-107(c) shall be abolished when there are no
24 bonds outstanding to which tax collections are pledged as provided in the 1995
25 Act.

26 b. In order to provide for the accomplishment of the
27 administrative duties of the Director of the Department of Finance and
28 Administration and to protect the owners of the bonds, the tax shall be
29 abolished on the first day of the calendar month subsequent to the expiration
30 of thirty (30) days from the date there is filed with the Director a written
31 statement signed by the Governor and by the trustee for the bondholders, if a
32 trustee is serving in such capacity, identifying the tax and the bonds,
33 wherein either:

34 (A) The trustee certifies that the trustee has or will have sufficient
35 funds set aside to pay the principal of and interest on the bonds when due at
maturity or at redemption prior to maturity and the Governor certifies that

1 the tax is not pledged to any other bonds; or

2 (B) The Governor certifies that there are no longer any bonds
3 outstanding payable from tax collections.

4

5 SECTION 7. All provisions of this act of a general and permanent nature
6 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
7 Revision Commission shall incorporate the same in the Code.

8

9 SECTION 8. If any provision of this act or the application thereof to
10 any person or circumstance is held invalid, such invalidity shall not affect
11 other provisions or applications of the act which can be given effect without
12 the invalid provision or application, and to this end the provisions of this
13 act are declared to be severable.

14

15 SECTION 9. All laws and parts of laws in conflict with this act are
16 hereby repealed.

17

18 SECTION 10. EMERGENCY. *(Failed to be adopted) It is hereby found and*
19 *determined by the General Assembly that the Arkansas State Highway System is*
20 *in dire need of improvement, rehabilitation, reconstruction and expansion;*
21 *that the Arkansas State Highway and Transportation Department lacks sufficient*
22 *funding for statewide highway improvements, rehabilitation, reconstruction and*
23 *expansion projects; that necessary funding may be obtained by the issuance of*
24 *bonds secured by an increase in the sales and use taxes; that this act is*
25 *designed to provide the necessary revenues for such projects. Therefore, an*
26 *emergency is hereby declared to exist and this act being necessary for the*
27 *immediate preservation of the public peace, health and safety shall be in full*
28 *force and effect from and after its passage and approval.*

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/s/Dowd

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APPROVED: 4-7-95

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As Engrossed: 3/22/95 4/6/95

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