

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

As Engrossed: H1/30/01 H2/7/01

## A Bill

HOUSE BILL 1037

5 By: Representatives Glover, Altes, Milum, *Magnus*  
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### For An Act To Be Entitled

9 AN ACT TO EXEMPT FOOD FROM STATE SALES AND USE TAX; TO  
10 CONTINUE THE IMPOSITION OF LOCAL SALES AND USE TAX TO  
11 FOOD SALES; TO IMPOSE AN ADDITIONAL *FIFTY-TWO*  
12 *HUNDREDTHS OF ONE PERCENT (.52%)* STATE SALES AND USE  
13 TAX; AND FOR OTHER PURPOSES.  
14

### Subtitle

15 EXEMPTS FOOD FROM STATE SALES TAX;  
16 INCREASES STATE SALES AND USE TAX BY  
17 *FIFTY-TWO HUNDREDTHS OF ONE PERCENT*  
18 *(.52%)*.  
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21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code 26-52-302 is amended to add a new subsection to  
25 read as follows:

26 (d) (1) In addition to the excise tax levied upon the gross proceeds or  
27 gross receipts derived from all sales by the Arkansas Gross Receipts Act, §  
28 26-52-101 through 26-52-520, there is levied an excise tax of *fifty-two*  
29 *hundredths of one percent (.52%)* upon all taxable sales of property and  
30 services subject to the tax levied in that act. This tax shall be collected,  
31 reported, and paid in the same manner and at the same time as is prescribed by  
32 law for the collection, reporting, and payment of all other Arkansas gross  
33 receipts taxes. In computing gross receipts or gross proceeds as defined in §  
34 26-52-103(a)(4), a deduction shall be allowed for bad debts resulting from the  
35 sale of tangible personal property.

36 (2) This additional *fifty-two hundredths of one percent (0.52%)* tax

1 shall be distributed as follows:

2 (A) Two and four tenths of one percent (2.4%) of the monies  
3 collected are to be distributed in accordance with Amendment 75 of the  
4 Arkansas Constitution;

5 (B) Nine and eight tenths of one percent (9.8%) of the monies  
6 collected are to be deposited in the State Treasury and credited to the  
7 Property Tax Relief Trust Fund; and

8 (C) The remainder eighty-seven and eight tenths of one percent  
9 (87.8%) of the monies collected shall be general revenues.

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11 SECTION 2. Arkansas Code 26-52-401, concerning exemptions from gross  
12 receipts tax, is amended to add a new subsection to read as follows:

13 (37)(a) Gross receipts or gross proceeds derived from the sale of  
14 eligible food and beverage sold for human consumption.

15 (b) For purposes of this subsection (37), the phrase "eligible food  
16 and beverage" means any food which may be purchased with food stamps, as  
17 defined in Section 3 of the federal Food Stamp Act of 1977, as the same  
18 existed on January 1, 2001.

19 (c) This exemption shall not apply with respect to the collection of  
20 local sales and use taxes. Eligible food and beverage shall continue to be  
21 subject to local sales and use tax.

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23 SECTION 3. Arkansas Code 26-53-107 is amended to add a new  
24 subsection to read as follows:

25 (d)(1) In addition to the excise tax levied upon the privilege of  
26 storing, using, or consuming tangible personal property within this state by  
27 the Arkansas Compensating Tax Act, § 26-53-101 through 26-53-140, there is  
28 levied an excise tax of fifty-two hundredths of one percent (.52%) upon all  
29 tangible personal property subject to the tax levied in that act, and the tax  
30 shall be collected, reported, and paid in the same manner and at the same time  
31 as is prescribed by law for the collection, reporting, and payment of state  
32 compensating taxes.

33 (2) This additional fifty-two hundredths of one percent (0.52%) tax  
34 shall be distributed as follows:

35 (A) Two and four tenths of one percent (2.4%) of the monies  
36 collected are to be distributed in accordance with Amendment 75 of the

1 Arkansas Constitution;

2 (B) Nine and eight tenths of one percent (9.8%) of the monies  
3 collected are to be deposited in the State Treasury and credited to the  
4 Property Tax Relief Trust Fund; and

5 (C) The remainder eighty-seven and eight tenths of one percent  
6 (87.8%) of the monies collected shall be general revenues.

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8 SECTION 4. EMERGENCY. It is found and determined by the General  
9 Assembly of the State of Arkansas that the imposition of sales tax on food  
10 creates a severe economic burden upon Arkansas families; and that providing an  
11 exemption for food from sales tax will alleviate that burden. Therefore, an  
12 emergency is declared to exist and this act being immediately necessary for  
13 the preservation of the public peace, health and safety shall become effective  
14 on July 1, 2001.

15 /s/ Glover, et al.  
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