

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

A Bill

HOUSE BILL 1079

4
5 By: Representative Milum
6
7

For An Act To Be Entitled

9 TO IMPLEMENT AMENDMENT 79 BY PROVIDING A THREE HUNDRED
10 DOLLAR STATE CREDIT AGAINST REAL PROPERTY TAXES; TO
11 INCREASE THE STATE SALES AND USE TAX BY ONE-HALF
12 PERCENT IN ORDER TO FUND THE STATE CREDIT; TO REPEAL
13 ACT 1492 OF 1999; AND FOR OTHER PURPOSES.
14

Subtitle

15
16 TO IMPLEMENT AMENDMENT 79; PROVIDE A
17 STATE CREDIT AGAINST REAL PROPERTY
18 TAXES; INCREASE THE STATE SALES AND USE
19 TAX BY ONE-HALF PERCENT IN ORDER TO FUND
20 THE STATE CREDIT; REPEAL ACT 1492 OF
21 1999.
22
23

24
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 SECTION 1. (a)(1) Effective with the assessment year 2000 and
28 thereafter, the amount of real property taxes assessed on the homestead of
29 each taxpayer shall be reduced by three hundred dollars (\$300), provided that
30 no assessment shall be reduced to less than zero (\$0.00).

31 (2) Each property owner shall pay the reduced tax amount to the
32 county.

33 (3) The tax reduction adopted by this act shall be reflected on
34 the tax bill sent to the property owner by the county collector.

35 (4) The county and taxing units within the county shall be
36 entitled to reimbursement of the reduction in accordance with Arkansas Code

1 26-26-309.

2 (b)(1) The term "homestead", as used in this section, means the
 3 dwelling of a person which is used as his or her principal place of residence
 4 and land contiguous thereto, excluding all land valued as agricultural land,
 5 pasture land, or timber land, or a dwelling owned by a revocable trust and
 6 used as the principal place of residence of a person who formed the trust.

7 (2) For purposes of this section, the total area of an urban
 8 homestead shall not exceed one (1) acre and the total area of a rural
 9 homestead shall not exceed eighty (80) acres.

10 (c) Each county assessor shall be responsible for identifying those
 11 parcels of real property which are used as a homestead residence prior to
 12 issuing tax bills.

13
 14 SECTION 2. (a)(1) On or before March 31, 2001, and each March 31
 15 thereafter, the county collector of each county shall certify to the Chief
 16 Fiscal Officer of the State the amount of the real property tax reduction
 17 provided in Arkansas Code 26-26-1117.

18 (2)(A) After receipt of the certification from the county
 19 collectors, the Chief Fiscal Officer of the State shall determine the
 20 proportionate share of the total statewide reduction attributable to each
 21 county.

22 (B) At the end of each month, the Chief Fiscal Officer of
 23 the State shall determine the balance in the Property Tax Relief Trust Fund
 24 and certify it to the Treasurer of State, who shall make distributions from
 25 the fund to each county treasurer in accordance with the county's
 26 proportionate share of the total statewide property tax reduction for that
 27 calendar year resulting from the provisions of Arkansas Code 26-26-1117.

28 (3)(A) Funds so received by the county treasurers shall be
 29 allocated and distributed to the various taxing units within the county which
 30 levy ad valorem taxes.

31 (B) Funds so received by the various taxing units shall be
 32 used for the same purposes and in the same proportions as otherwise provided
 33 by law.

34 (b)(1)(A) The Chief Fiscal Officer of the State, the Legislative
 35 Auditor, or their designees shall be entitled to audit the books and records
 36 of the county assessor, county collector, or any other party as needed to

1 ensure that the amount of the property tax reduction certified by the county
2 collector is accurate.

3 (B) The Chief Fiscal Officer of the State shall have the
4 authority to adjust the amount certified by the county collector if it is
5 discovered that the certified amount is incorrect.

6
7 SECTION 3. (a) Beginning March 1, 2001, there is hereby levied an
8 additional excise tax of one-half of one percent (0.50%) upon all taxable
9 sales of property and services subject to the tax levied by the Arkansas Gross
10 Receipts Act of 1941, as amended, beginning at Arkansas Code 26-52-101.

11 (b) The tax shall be collected, reported, and paid in the same manner
12 and at the same time as is prescribed by the Arkansas Gross Receipts Act of
13 1941, as amended, beginning at Arkansas Code 26-52-101, for the collection,
14 reporting, and payment of Arkansas gross receipts taxes.

15
16 SECTION 4. (a) Beginning March 1, 2001, there is hereby levied an
17 additional excise tax of one-half of one percent (0.50%) upon all tangible
18 personal property subject to the tax levied by the Arkansas Compensating Tax
19 Act of 1949, as amended, beginning at Arkansas Code 26-53-101.

20 (b) The tax shall be collected, reported, and paid in the same manner
21 and at the same time as is prescribed by the Arkansas Compensating Tax Act of
22 1949, as amended, beginning at Arkansas Code 26-53-101, for the collection,
23 reporting, and payment of Arkansas compensating taxes.

24
25 SECTION 5. (a)(1) In instances where:

26 (A) An Arkansas city or incorporated town is divided by a
27 state line from an incorporated city or town in an adjoining state;

28 (B) The city or town in the adjoining state is of greater
29 population than the Arkansas city or town; and

30 (C) A tax imposed in such adjoining state is in the nature
31 of a selective sales tax or limited to specific items as a special excise tax;
32 then the rate of tax upon such articles on the Arkansas side shall be at the
33 same rate imposed in such adjoining state not to exceed the state sales tax
34 rate as levied by the General Assembly, initiatives enacted by the people of
35 the State of Arkansas, and amendments to the Arkansas Constitution.

36 (2) Provided that, if such border city has voted to levy an

1 additional one percent (1%) gross receipts tax in such city in lieu of paying
2 state income taxes by individuals who are residents of said city, as
3 authorized by Arkansas Code 26-52-601 through 607, in such event the rate of
4 tax shall be one percent (1%) above the state sales tax rate as levied by the
5 General Assembly, initiatives enacted by the people of the State of Arkansas,
6 and amendments to the Arkansas Constitution.

7 (b) The exception hereunder shall not be applicable to gross receipts
8 or gross proceeds derived from the sale of beer, wine, liquor, or any other
9 form of intoxicating beverages in any border city or incorporated town in the
10 State of Arkansas.

11 (c) With respect to motor vehicles sold in any such city or
12 incorporated town, the exemption authorized herein shall be applicable only to
13 motor vehicles sold to and registered by bona fide residents of such Arkansas
14 city or incorporated town and shall not be applicable to motor vehicles sold
15 to nonresidents.

16 (d)(1) The director shall require any person claiming this exemption to
17 file a sworn statement in writing that the person is a resident of that city
18 or incorporated town, and such other information as the director may determine
19 is necessary to establish the residence of any such person.

20 (2) Any person filing a false statement or otherwise falsely
21 obtaining, or assisting any other person to falsely obtain, the benefits of
22 the exemption authorized in this section shall, upon conviction, be fined in a
23 sum of not less than one hundred dollars (\$100) nor more than five hundred
24 dollars (\$500).

25
26 SECTION 6. (a) There is hereby created on the books of the Treasurer of
27 State, the Auditor of State, and the Chief Fiscal Officer of the State a
28 special revenue fund to be known as the Property Tax Relief Trust Fund.

29 (b) The fund shall consist of such revenues as generated by sections 3
30 through 5 of this act and shall be used for such purposes as set out herein.

31
32 SECTION 7. Arkansas Code 19-5-1103 is repealed.

33 ~~19-5-1103. Property Tax Relief Trust Fund. [Effective January 1, 2001,~~
34 ~~if the following contingencies are met: (a) The General Assembly refers a~~
35 ~~constitutional amendment to be approved during the 2000 general election; (b)~~
36 ~~The amendment provides for a limitation on the increase in the assessed value~~

1 of real property after a county wide reappraisal; and (c) The amendment is
2 approved.]

3 (a) There is hereby created on the books of the Treasurer of State, the
4 Auditor of State, and the Chief Fiscal Officer of the State a special revenue
5 fund to be known as the Property Tax Relief Trust Fund.

6 (b) The fund shall consist of such revenues as generated by §§ 26-52-
7 302(c) and 26-53-107(c) and shall be used for such purposes as set out herein.

8

9 SECTION 8. Arkansas Code 26-26-309 is repealed.

10 ~~26-26-309. Certification of amount of property tax reduction. [Effective~~
11 ~~January 1, 2001, if the following conditions occur: (1) The General Assembly~~
12 ~~refers a constitutional amendment to be approved during the 2000 general~~
13 ~~election providing for a limitation on the increase in the assessed value of~~
14 ~~real property after a county wide reappraisal; and (2) That constitutional~~
15 ~~amendment is approved.]~~

16 (a)(1) ~~On or before March 31, 2001, and each March 31 thereafter, the~~
17 ~~county collector of each county shall certify to the Chief Fiscal Officer of~~
18 ~~the State the amount of the real property tax reduction provided in § 26-26-~~
19 ~~1117.~~

20 (2)(A) ~~After receipt of the certification from the county~~
21 ~~collectors, the Chief Fiscal Officer of the State shall determine the~~
22 ~~proportionate share of the total statewide reduction attributable to each~~
23 ~~county.~~

24 (B) ~~At the end of each month, the Chief Fiscal Officer of~~
25 ~~the State shall determine the balance in the Property Tax Relief Trust Fund~~
26 ~~and certify it to the Treasurer of State, who shall make distributions from~~
27 ~~the fund to each county treasurer in accordance with the county's~~
28 ~~proportionate share of the total statewide property tax reduction for that~~
29 ~~calendar year resulting from the provisions of § 26-26-1117.~~

30 (3)(A) ~~Funds so received by the county treasurers shall be~~
31 ~~allocated and distributed to the various taxing units within the county which~~
32 ~~levy ad valorem taxes.~~

33 (B) ~~Funds so received by the various taxing units shall be~~
34 ~~used for the same purposes and in the same proportions as otherwise provided~~
35 ~~by law.~~

36 (b)(1) ~~Reimbursements to each county shall continue on a monthly basis~~

1 from the Property Tax Relief Trust Fund until the full amount certified by the
2 county collectors has been paid.

3 (2)(A) In no event shall the amount distributed to a county during
4 a calendar year from the Property Tax Relief Trust Fund exceed the amount
5 certified by the county collector as the property tax reduction for that
6 calendar year resulting from § 26-26-1117.

7 (B) Commencing December 31, 2002, and each December 31 thereafter,
8 the Chief Fiscal Officer of the State, in cooperation with the Legislative
9 Council and the Legislative Auditor, shall determine that portion of the
10 balance remaining that is in excess of the required reimbursement to the
11 counties and shall certify the same to the Treasurer of State, who shall
12 transfer such amount from the Property Tax Relief Trust Fund to the general
13 revenue fund of the State Apportionment Fund.

14 (3)(A) The Chief Fiscal Officer of the State, the Legislative
15 Auditor, or their designees shall be entitled to audit the books and records
16 of the county assessor, county collector, or any other party as needed to
17 ensure that the amount of the property tax reduction certified by the county
18 collector is accurate.

19 (B) The Chief Fiscal Officer of the State shall have the
20 authority to adjust the amount certified by the county collector if it is
21 discovered that the certified amount is incorrect.

22

23 SECTION 9. Arkansas Code 26-26-1117 is repealed.

24 ~~26-26-1117. Limitation on increase of property's assessed value.~~

25 ~~[Effective January 1, 2001, if the following contingencies are met: (1) The~~
26 ~~General Assembly refers a constitutional amendment to be approved during the~~
27 ~~2000 general election providing for a limitation on the increase in the~~
28 ~~assessed value of real property after a county wide reappraisal; and (2) The~~
29 ~~constitutional amendment is approved.]~~

30 (a)(1) ~~Effective with the assessment year 2000 and thereafter, the~~
31 ~~amount of real property taxes assessed on the homestead of each taxpayer shall~~
32 ~~be reduced by three hundred dollars (\$300), provided that no assessment shall~~
33 ~~be reduced to less than zero (\$0.00).~~

34 (2) ~~Each property owner shall pay the reduced tax amount to the~~
35 ~~county.~~

36 (3) ~~The tax reduction adopted by this act shall be reflected on~~

1 the tax bill sent to the property owner by the county collector.

2 (4) The county and taxing units within the county shall be
3 entitled to reimbursement of the reduction in accordance with § 26-26-309.

4 (b)(1) The term "homestead", as used in this section, means the dwelling
5 of a person which is used as his or her principal place of residence and land
6 contiguous thereto, excluding all land valued as agricultural land, pasture
7 land, or timber land, or a dwelling owned by a revocable trust and used as the
8 principal place of residence of a person who formed the trust.

9 (2) For purposes of this section, the total area of an urban
10 homestead shall not exceed one fourth (1/4) of one (1) acre and the total area
11 of a rural homestead shall not exceed eighty (80) acres.

12 (c) Each county assessor shall be responsible for identifying those
13 parcels of real property which are used as a homestead residence prior to
14 issuing tax bills.

15
16 SECTION 10. Arkansas Code 26-52-302(c) is repealed.

17 (c)(1) [Effective January 1, 2001, if the following contingencies are
18 met: (a) The General Assembly refers a constitutional amendment to be approved
19 during the 2000 general election; (b) The amendment provides for a limitation
20 on the increase in the assessed value of real property after a county wide
21 reappraisal; and (c) the amendment is approved.] Beginning January 1, 2001,
22 there is hereby levied an additional excise tax of one half of one percent
23 (0.50%) upon all taxable sales of property and services subject to the tax
24 levied by the Arkansas Gross Receipts Act of 1941, as amended, § 26-52-101 et
25 seq.

26 (2) The tax shall be collected, reported, and paid in the same
27 manner and at the same time as is prescribed by the Arkansas Gross Receipts
28 Act of 1941, as amended, § 26-52-101 et seq., for the collection, reporting,
29 and payment of Arkansas gross receipts taxes.

30
31 SECTION 11. Arkansas Code 26-52-303 is repealed.

32 26-52-303. Border cities or towns — Tax rate — Exemptions.

33 (a)(1) In instances where:

34 (A) An Arkansas city or incorporated town is divided by a
35 state line from an incorporated city or town in an adjoining state;

36 (B) The city or town in the adjoining state is of greater

1 population than the Arkansas city or town; and

2 ~~(C) A tax imposed in such adjoining state is in the nature~~
3 ~~of a selective sales tax or limited to specific items as a special excise tax;~~
4 ~~then the rate of tax upon such articles on the Arkansas side shall be at the~~
5 ~~same rate imposed in such adjoining state not to exceed the state sales tax~~
6 ~~rate as levied by the General Assembly, initiatives enacted by the people of~~
7 ~~the State of Arkansas, and amendments to the Arkansas Constitution.~~

8 ~~(2) Provided that, if such border city has voted to levy an~~
9 ~~additional one percent (1%) gross receipts tax in such city in lieu of paying~~
10 ~~state income taxes by individuals who are residents of said city, as~~
11 ~~authorized by § 26-52-601 et seq., in such event the rate of tax shall be one~~
12 ~~percent (1%) above the state sales tax rate as levied by the General Assembly,~~
13 ~~initiatives enacted by the people of the State of Arkansas, and amendments to~~
14 ~~the Arkansas Constitution.~~

15 ~~(b) The exception hereunder shall not be applicable to gross receipts or~~
16 ~~gross proceeds derived from the sale of beer, wine, liquor, or any other form~~
17 ~~of intoxicating beverages in any border city or incorporated town in the State~~
18 ~~of Arkansas.~~

19 ~~(c) With respect to motor vehicles sold in any such city or incorporated~~
20 ~~town, the exemption authorized herein shall be applicable only to motor~~
21 ~~vehicles sold to and registered by bona fide residents of such Arkansas city~~
22 ~~or incorporated town and shall not be applicable to motor vehicles sold to~~
23 ~~nonresidents.~~

24 ~~(d)(1) The director shall require any person claiming this exemption to~~
25 ~~file a sworn statement in writing that the person is a resident of that city~~
26 ~~or incorporated town, and such other information as the director may determine~~
27 ~~is necessary to establish the residence of any such person.~~

28 ~~(2) Any person filing a false statement or otherwise falsely~~
29 ~~obtaining, or assisting any other person to falsely obtain, the benefits of~~
30 ~~the exemption authorized in this section shall, upon conviction, be fined in a~~
31 ~~sum of not less than one hundred dollars (\$100) nor more than five hundred~~
32 ~~dollars (\$500).~~

33
34 SECTION 12. Arkansas Code 26-53-107(c) is repealed.

35 ~~(c)(1) [Effective January 1, 2001, if the following contingencies are~~
36 ~~met: (a) The General Assembly refers a constitutional amendment to be approved~~

1 ~~during the 2000 general election; (b) The amendment provides for a limitation~~
2 ~~in the increase in the assessed value of real property after a county wide~~
3 ~~reappraisal; and (c) The amendment is approved.] Beginning January 1, 2001,~~
4 ~~there is hereby levied an additional excise tax of one half of one percent~~
5 ~~(0.50%) upon all tangible personal property subject to the tax levied by the~~
6 ~~Arkansas Compensating Tax Act of 1949, as amended, § 26-53-101 et seq.~~

7 ~~(2) The tax shall be collected, reported, and paid in the same~~
8 ~~manner and at the same time as is prescribed by the Arkansas Compensating Act~~
9 ~~of 1949, as amended, § 26-53-101 et seq., for the collection, reporting, and~~
10 ~~payment of Arkansas compensating taxes.~~

11
12 SECTION 13. EMERGENCY CLAUSE. It is hereby found and determined by the
13 Eighty-third General Assembly that Amendment 79 to the Arkansas Constitution
14 requires the General Assembly to provide at least a three hundred dollar
15 (\$300) state credit against ad valorem property taxes on homesteads; that the
16 General Assembly determined in 1999 that the state sales tax should be
17 increased by one-half (1/2) cent to reimburse the local taxing units for
18 monies lost as a result of the three hundred dollar (\$300) credit; that Act
19 1492 of 1999 was enacted to increase the sales tax by one-half (1/2) cent
20 contingent upon the adoption of Amendment 79; that Amendment 79 was adopted by
21 the people at the last general election; that the court has intimated that Act
22 1492 might be suspect; that it would be very costly to the taxpayers of this
23 state if Act 1492 were implemented and thereafter stricken by the court; that
24 the General Assembly therefore has determined that Act 1492 should be
25 repealed; that Act 1492 is repealed by this act; that this act will generate
26 revenues to reimburse the local taxing units their lost revenues resulting
27 from the tax credit mandated by Amendment 79; and that this act should go into
28 effect on March 1, 2001 in order to generate sufficient revenues to accomplish
29 that purpose. Therefore, an emergency is declared to exist and this act being
30 immediately necessary for the preservation of the public peace, health and
31 safety shall become effective on March 1, 2001.

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