

State of Arkansas

76th General Assembly

First Extraordinary Session, 1987

SENATE BILL

23

By: Senator Bell

"AN ACT TO LEVY AN ADDITIONAL ONE PERCENT (1%) SALES AND USE TAX; TO EXEMPT FOOD WHICH QUALIFIES FOR PURCHASE WITH USDA FOOD STAMPS FROM ALL SALES AND USE TAXES LEVIED BY THE STATE; TO PROVIDE THAT FOOD SHALL CONTINUE TO BE SUBJECT TO LOCAL SALES TAXES; AND FOR OTHER PURPOSES."

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

SECTION 1. In addition to the excise tax levied upon the gross proceeds or gross receipts derived from all sales, by the Arkansas Gross Receipts Act, Act 386 of 1941, as amended, and by Act 63 of the First Extraordinary Session of 1983, there is hereby levied an excise tax of one percentum (1%) upon all taxable sales of property and services subject to the tax levied in Act 386 of 1941, as amended, and acts supplemental thereto. Such tax shall be collected, reported, and paid in the same manner and at the same time as is prescribed by law for the collection, reporting and payment of all other Arkansas gross receipts taxes.

In instances where an Arkansas city or incorporated town is (1) divided by a State line from an incorporated city or town in an adjoining state, and (2) the city or town in the adjoining state is of greater population than the Arkansas city or town, and (3) a tax imposed in such adjoining state is in the nature of a selective sales tax or limited to specific items as a special excise tax, then the rate of tax upon such articles on the Arkansas side, after the passage of this Act, shall be at the same rate imposed in such adjoining state, not to exceed five percentum (5%), provided that if such border city has voted to levy an additional one percent (1%) gross receipts tax in such city which is in lieu of the payment of State income taxes by individuals who are residents of said city, as authorized by Act 48 of 1977, as amended, then the maximum rate of the gross receipts tax in such city shall

be one percent (1%) above said five percentum (5%).

SECTION 2. In addition to the excise tax levied upon the privilege of storing, using or consuming tangible personal property within the State by the Arkansas Compensating Tax Act, Act 487 of 1949, as amended, and Act 63 of the First Extraordinary Session of 1983, there is hereby levied an excise tax of one percentum (1%) upon all tangible personal property subject to the tax levied in those Acts, and such tax shall be collected, reported, and paid in the same manner and at the same time as is prescribed by law for the collection, reporting and payment of Arkansas compensating taxes levied under those Acts.

SECTION 3. There is hereby exempted from the tax imposed by the State of Arkansas under the provisions of the Arkansas Gross Receipts Act of 1941 (Act 386 of 1941, as amended), and acts supplemental thereto, and from the provisions of the Arkansas Compensating Tax Act of 1949 (Act 487 of 1949, as amended), and acts supplemental thereto, the gross receipts or gross proceeds derived from the sale of all foods which qualify for purchase with United States Department of Agriculture Food Stamps.

SECTION 4. Gross receipts and gross proceeds derived from the sale of all foods shall continue to be subject to gross receipts taxes and compensating taxes levied by counties and municipalities in the State pursuant to authority granted by State law.

SECTION 5. The Commissioner of Revenues is authorized to adopt appropriate rules and regulations to carry out the intent and purposes of this Act.

SECTION 6. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 7. EMERGENCY. It is hereby found and determined by the General Assembly that the current level of State financial aid to public elementary and secondary education is not adequate to enable public schools to meet the minimum education standards prescribed by law; that the present level of

funding for State services is inadequate and unless additional funding is provided it will be necessary to severely curtail essential State services and programs; and that this Act is designed to provide the necessary additional funds for public education and other essential State services and programs, and should be given effect as soon as is practical. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect on and after July 1, 1987.

