

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1740

By: Representatives Hankins, McCuiston, Arnold and Clark

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 26-52-303 AND VARIOUS SECTIONS OF ARKANSAS CODE TITLE 26, CHAPTER 52, SUBCHAPTER 6, RELATING TO SPECIAL TAX TREATMENT IN BORDER CITIES; AND FOR OTHER PURPOSES."

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

SECTION 1. (a) In the passage of this Act the General Assembly recognizes the continued need to maintain a method of equalizing inequities faced by cities and towns in this state and their inhabitants when the cities and towns are divided by a state line from an incorporated city or town in another state in which the tax burdens of the citizens of the city or town in the adjoining state is substantially less than the tax burden imposed by the laws of this state upon the citizens of a border city or town in this state.

(b) The General Assembly is also cognizant that the method of equalizing inequities should have long term application to provide inducements to persons to establish their homes and businesses in the Arkansas border city or town. Therefore, it is the intent of the General Assembly that the provisions of this Act should be continued until at least after the results of the Federal Decennial Census of the year 2000 are reported. However, this act should be reexamined if the State of Texas imposes an income tax on individuals.

SECTION 2. Arkansas Code 26-52-303 is hereby amended to read as follows:

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

(a) In instances where an Arkansas city or incorporated town is divided by a state line from an incorporated city or town in an adjoining state and the city or town in the adjoining state is of greater population than the Arkansas city or town, and a tax imposed in the 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 shall be at the same rate imposed in the adjoining state, not to exceed four percent (4%). However, if that border city has voted to levy an additional one percent (1%) gross receipts tax in that city in lieu of paying state income taxes by individuals who are residents of the city, as authorized by § 26-52-601 et seq., the rate of tax shall be one percent (1%) above the four percent (4%).

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

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

(d) The exemption hereunder shall not be applicable to gross receipts or gross proceeds derived from the sale of natural or artificial gas, electricity, or water to residential users.

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

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

SECTION 3. Arkansas Code Title 26, Chapter 52, Subchapter 6 is hereby amended by adding an additional section to read as follows:

"26-52-607. (a) In any city in which an additional one cent (1\_) state gross receipts tax is levied, as provided in Arkansas Code 26-52-601 through 26-52-606, there shall be levied the following additional taxes:

(1) An additional one-half percent (½%) gross receipts tax on taxable sales of property and services subject to the tax levied under Arkansas Code 26-52-601 through 26-52-606. The additional tax shall be

levied and collected in the same manner as the tax levied under Arkansas Code 26-52-601 through 26-52-606;

(2) An additional alcoholic beverage excise tax of two percent (2%) upon all retail receipts and proceeds derived from sales subject to the special alcoholic beverage excise tax imposed pursuant to Arkansas Code 3-7-201. The tax shall be levied and collected in the same manner as the tax levied pursuant to Arkansas Code 3-7-201;

(3) In addition to the supplemental tax on the sale of alcoholic beverages levied under Arkansas Code 23-9-213, there is levied an additional supplemental tax of ten percent (10%) upon the gross proceeds or gross receipts from the sale of alcoholic beverages subject to the tax imposed by Arkansas Code 3-9-213. The tax shall be levied and collected in the same manner as the tax levied by Arkansas Code 3-9-213.

(b) All revenues derived from the additional taxes provided for in this section shall be deposited in the State Treasury as general revenues."

SECTION 4. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 5. All laws and parts of laws in conflict with this Act are hereby repealed.