

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

SENATE BILL

561

By: Senator Hoofman

For An Act To Be Entitled

"AN ACT TO PROVIDE THAT THE SALE OF VIDEO CASSETTES TO A PERSON IN THE BUSINESS OF RENTING VIDEOS IS A SALE FOR RESALE AND EXEMPT FROM THE ARKANSAS GROSS RECEIPTS TAX AND THE ARKANSAS COMPENSATING TAX; TO LEVY AN ADDITIONAL GROSS RECEIPTS TAX OF TWO PERCENT (2%) ON GROSS PROCEEDS DERIVED FROM THE RENTAL OF VIDEO CASSETTES; AND FOR OTHER PURPOSES."

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

SECTION 1. (a) Notwithstanding other provisions of the Gross Receipts Tax or the Arkansas Compensating (Use) Tax, to the contrary, the sale or lease of video cassettes to a person engaged in the business of renting such video cassettes shall be a sale for resale and the proceeds from such sales shall be exempt from the Arkansas Gross Receipts Tax and the Arkansas Compensating (Use) Tax.

(b) In addition to the Arkansas Gross Receipts Tax now levied on proceeds derived from the rental of video cassettes, there is hereby levied an additional gross receipts tax of two percent (2%) on the gross receipts derived from the rental of video cassettes.

(c) The additional gross receipts tax levied on proceeds derived from the rental of video cassettes by this act shall be collected, reported and remitted in the same manner and at the same time as other Arkansas gross receipts taxes on such proceeds and all laws and regulations relating to the administration and enforcement of the Arkansas Gross Receipts Tax including the Arkansas Tax Procedure Act shall be applicable to the extent practicable to the additional tax levied herein.

(d) Gross receipts derived from a subsequent sale of a video cassette which has been rented by a person engaged in the business of renting such video cassettes shall be subject to the Gross Receipts Tax at the then

statutory rate exclusive of the two percent (2%) Gross Receipts Tax levied in subsection (b) above.

(e) Nothing contained herein shall be deemed to amend or alter tax liability for video cassettes leased or purchased prior to the effective date hereof.

SECTION 2. 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 3. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 4. EMERGENCY. It is hereby found and determined by the General Assembly that the state is in urgent need of additional revenues to fund essential state programs and services; that this act is designed to subject gross receipts derived from the rental of video cassettes to an additional two percent (2%) gross receipts tax and exempt sales of video cassettes to persons engaged in renting video cassettes and to thereby produce an overall increase in revenues; that it is essential to the efficient and effective administration and enforcement of the additional tax levied herein that this act become effective July 1, 1989. 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 July 1, 1989.