

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Second Extraordinary Session, 1992**  
4 **By: Representative Dawson**

# A Bill

Call Item 2

**HOUSE BILL**

## For An Act To Be Entitled

8 "AN ACT TO LEVY AN ADDITIONAL ONE AND ONE-HALF PERCENT  
9 SALES AND USE TAX; TO EXEMPT FOOD FROM ALL STATE GROSS  
10 RECEIPTS TAXES AND COMPENSATING USE TAXES; AND FOR OTHER  
11 PURPOSES."

## Subtitle

14 "AN ACT TO LEVY AN ADDITIONAL ONE AND ONE-HALF PERCENT  
15 SALES AND USE TAX; TO EXEMPT FOOD FROM ALL STATE GROSS  
16 RECEIPTS TAXES AND COMPENSATING USE TAXES."

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

20 SECTION 1. In addition to all state and local sales taxes now levied,  
21 there is hereby levied an excise tax of one and one-half percent (1 1/2%) upon  
22 all taxable sales of property and services subject to the tax levied by the  
23 Arkansas Gross Receipts Act, A.C.A. §26-52-101 et seq., except food as defined  
24 in Section 3 hereof, and such tax shall be collected, reported, and paid in  
25 the same manner and at the same time as is prescribed by law for the  
26 collection, reporting and payment of gross receipts taxes levied by the  
27 Arkansas Gross Receipts Act.

29 SECTION 2. In addition to all state and local use taxes now levied there  
30 is hereby levied an excise tax of one and one-half percent (1 1/2%) upon the  
31 privilege of storing, using, distributing or consuming within this state  
32 tangible personal property subject to the tax levied by the Arkansas  
33 Compensating Tax Act, A.C.A. §26-53-101 et seq., except food as defined in  
34 Section 3 hereof, and such tax shall be collected, reported, and paid in the  
35 same manner and at the same time as is prescribed by law for the collection,

1 reporting and payment of use taxes levied by the Arkansas Compensating Tax  
2 Act.

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4 SECTION 3. For purposes of this act, the word "food" means food which  
5 is eligible for purchase with food stamps or food coupons issued in accordance  
6 with the Food Stamp Act of 1964, as amended and in effect on January 1, 1993,  
7 and all such food, regardless of whether it is purchased with food stamps or  
8 food coupons, shall be exempt from the additional tax levied in this act, and  
9 such food shall, effective March 1, 1993, be exempt from all state gross  
10 receipts taxes and compensating taxes.

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12 SECTION 4. Notwithstanding any law to the contrary, the provisions of  
13 this act exempting food from the gross receipts tax and the compensating use  
14 tax levied by the state shall in no way affect any local sales and use taxes  
15 levied by counties or municipalities in this state and food shall continue to  
16 be subject to such local taxes.

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18 SECTION 5. The provisions of this act shall be implemented and the  
19 additional tax levied herein shall be applicable on and after March 1, 1993.

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21 SECTION 6. All provisions of this act of a general and permanent nature  
22 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
23 Revision Commission shall incorporate the same in the Code.

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25 SECTION 7. If any provision of this act or the application thereof to  
26 any person or circumstance is held invalid, such invalidity shall not affect  
27 other provisions or applications of the act which can be given effect without  
28 the invalid provision or application, and to this end the provisions of this  
29 act are declared to be severable.

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31 SECTION 8. All laws and parts of laws in conflict with this act are  
32 hereby repealed.

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34 SECTION 9. EMERGENCY. It is hereby found and determined by the General  
35 Assembly that the state is in immediate need of additional revenues to address

1 the medicaid funding crisis; that this act generates those revenues; and that  
2 this act should go into effect immediately in order to enable the Revenue  
3 Division to implement this act effective March 1, 1993 and to thereby provide  
4 additional funding to the medicaid program as soon as possible. Therefore, an  
5 emergency is hereby declared to exist and this act being necessary for the  
6 preservation of the public peace, health and safety shall be in full force and  
7 effect from and after its passage and approval.

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