

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

A Bill

HOUSE BILL 2122

4
5 By: Representative Booker

For An Act To Be Entitled

9 "AN ACT TO REPEAL THE LEVY OF THE GROSS RECEIPTS TAX UPON
10 CERTAIN SERVICES BY REPEALING THE IMPOSITION OF THIS TAX
11 UPON CREDIT REPORTING AND DEBT COLLECTION SERVICES; AND
12 FOR OTHER PURPOSES."

Subtitle

15 "TO REPEAL THE LEVY OF THE GROSS
16 RECEIPTS TAX UPON CERTAIN SERVICES BY
17 REPEALING THE IMPOSITION OF THIS TAX
18 UPON CREDIT REPORTING AND DEBT
19 COLLECTION SERVICES."

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

23 SECTION 1. Ark. Code Ann. § 26-52-301(3)(E) is amended to read as
24 follows:

25 "(E)~~(i)~~ Service of providing transportation or delivery of money,
26 property or valuables by armored car; ~~service of providing a credit report;~~
27 ~~service of collecting a debt or account receivable;~~ service of providing
28 cleaning or janitorial work; service of pool cleaning and servicing; pager
29 services; telephone answering services; lawn care and landscaping services;
30 service of parking a motor vehicle or allowing the motor vehicle to be parked;
31 service of storing a motor vehicle; service of storing furs; service of
32 providing indoor tanning at a tanning salon.

33 ~~_____ (ii) The tax levied on the service of providing a credit report~~
34 ~~and the service of collecting a debt or account receivable by subdivision~~
35 ~~(3)(E)(i) of this section shall be levied and collected as follows:~~

36 ~~_____ (a) The tax shall be applicable to services provided to~~

~~1 third parties in providing a credit report or in collecting a delinquent debt
 2 in this state where the debtor and the creditor had an address or place of
 3 business within this state at the time the debt was created or referred for
 4 collection. This tax shall not be collected on delinquent debts owed by a
 5 debtor to a creditor neither of which had an address or place of business
 6 within this state at the time the debt was created or referred for collection.~~

~~7 _____ (b) This gross receipts tax shall be levied and
 8 calculated on the amounts received as payment for collection services and not
 9 on the total amount of the debt collected.~~

~~10 _____ (c) Any person providing the service of collecting a
 11 delinquent debt shall collect the tax from the debtor in addition to the
 12 amount of the debt being collected. If the person providing the service of
 13 collecting the debt fails to collect the tax from the debtor, the person is
 14 responsible for paying the proper amount of tax due and may collect the tax
 15 from the creditor.~~

~~16 _____ (d) The provisions of subdivision (3)(E)(i) of this section
 17 shall not apply to the collection of a debt by an attorney or by a partnership
 18 or professional corporation of attorneys unless the debt arose from the
 19 extension of credit. If an attorney performs services in connection with the
 20 collection of a debt based upon the extension of credit, amounts received as
 21 payment for services prior to the filing of a complaint are subject to the
 22 tax, and all amounts received for payment of services after the filing of a
 23 complaint are not subject to the tax.~~

~~24 _____ (e) The tax shall not apply to the collection of accounts
 25 which are serviced by a billing service as current accounts and are collected
 26 by the billing service after becoming delinquent;~~

~~27 _____ (f) The provisions of subdivision (3)(E)(i) of this section
 28 shall not be applicable to services provided in collecting delinquent child
 29 support payments;"~~

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31 SECTION 2. All provisions of this Act of a general and permanent nature
 32 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas code
 33 Revision Commission shall incorporate the same in the Code.

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35 SECTION 3. If any provision of this Act or the application thereof to
 36 any person or circumstance is held invalid, such invalidity shall not affect

1 other provisions or applications of the Act which can be given effect without
 2 the invalid provision or application, and to this end the provisions of this
 3 Act are declared to be severable.

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5 SECTION 4. All laws and parts of laws in conflict with this Act are
 6 hereby repealed.

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8 SECTION 5. EMERGENCY. It is hereby found that the inclusion of the
 9 very broad language in the phrases "service of providing a credit report" and
 10 "service of collecting a debt or account receivable" has presented many
 11 unforeseen problems in the actual imposing of the Gross Receipts Tax upon such
 12 described services for both the Revenue Division of the Department of Finance
 13 & Administration and many businesses and professionals in Arkansas who provide
 14 all manner of these services in the aid of the credit reporting on the
 15 collection of debts and accounts receivable; and it appears that the state
 16 taxing authorities have not been able to secure universal compliance with the
 17 reporting and payment of these Gross Receipt Taxes by many businesses that are
 18 engaged in Arkansas in either credit reporting or debt collection businesses,
 19 but not with similar businesses located outside the State of Arkansas.
 20 Therefore an emergency is declared to exist and this act being immediately
 21 necessary for the preservation of the public peace, health and safety shall
 22 become effective on the date of its approval by the Governor. If the bill is
 23 neither approved nor vetoed by the Governor, it shall become effective on the
 24 expiration of the period of time during which the Governor may veto the bill.
 25 If the bill is vetoed by the Governor and the veto is overridden, it shall
 26 become effective on the date the last house overrides the veto.

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