

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

State of Arkansas

As Engrossed: H3/9/01 S3/28/01

83rd General Assembly

A Bill

Regular Session, 2001

HOUSE BILL 2329

By: Representative Teague

By: Senator Hill

For An Act To Be Entitled

AN ACT TO AMEND ARKANSAS CODE TITLE 26, CHAPTER 75, SUBCHAPTERS 2 AND 3 TO LIMIT THE AMOUNT COLLECTED PER SINGLE TRANSACTION FROM A MUNICIPAL SALES OR USE TAX LEVIED UNDER SUBCHAPTER 3; TO PROVIDE A METHOD TO COMPUTE THE MUNICIPAL USE TAX ON PROPERTY BROUGHT INTO THE STATE; TO CLARIFY THAT EACH SUCH SUBCHAPTER IS SUPPLEMENTAL TO OTHER STATUTORY PROVISIONS; AND TO PROVIDE FOR THE ENFORCEMENT OF A MUNICIPAL SALES OR USE TAX LEVIED UNDER SUBCHAPTER 3; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND ARKANSAS CODE TITLE 26, CHAPTER 75, SUBCHAPTERS 2 AND 3 RELATING TO MUNICIPAL SALES AND USE TAXES.

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

SECTION 1. Arkansas Code Title 26, Chapter 75, Subchapter 3 is amended to add an additional section to read as follows:

26-75-319. Maximum tax limitation.

(a)(1) Any municipal general sales or use tax levied pursuant to this subchapter shall be levied and collected only on the first two thousand five hundred dollars (\$2,500) of gross receipts, gross proceeds, or sales price

1 from a single transaction, and vendors shall be responsible for collecting
2 and remitting the tax only on the first two thousand five hundred dollars
3 (\$2,500) of gross receipts, gross proceeds, or sales price from a single
4 transaction.

5 (2)(A) Each vendor who is liable for one (1) or more municipal
6 sales or use taxes shall report a combined city sales tax and a combined city
7 use tax on his sales and use tax report.

8 (B) The combined city sales tax is equal to the sum of all
9 sales taxes levied by a city under this subchapter or any other provision of
10 the Arkansas Code.

11 (C) The combined city use tax is equal to the sum of all
12 use taxes levied by a city under this subchapter or any other provision of
13 the Arkansas Code.

14 (3) This provision applies only to taxes collected by the
15 Director of the Department of Finance and Administration.

16 (b)(1) The term "single transaction", as used in this section, shall be
17 defined by ordinance.

18 (2)(A) Every city ordinance adopted after January 1, 1998, which
19 calls for an election to levy a local sales and use tax authorized by this
20 subchapter or any other provision of the Arkansas Code shall contain a
21 definition of the term "single transaction" which definition shall amend all
22 other previous ordinances defining "single transaction".

23 (B) Provided, however, any city which adopts an ordinance
24 which calls for an election to levy a local sales and use tax authorized by
25 this subchapter or any other provision of the Arkansas Code may comply with
26 this provision by adopting a definition of the term "single transaction"
27 prior to the commencement of the collection of the local sales and use tax.

28 (3) The most recent definition of "single transaction" adopted
29 prior to January 1, 1998 shall apply to and amend all previous local sales
30 and use tax ordinances.

31 (4) It is the intent of this provision to require each city which
32 levies a local sales and use tax to adopt a uniform definition of the term
33 "single transaction" for all taxes levied by the city.

34 (5) This provision is limited to ordinances levying local sales
35 and use taxes collected by the Department of Finance and Administration.
36

SECTION 2. Arkansas Code Title 26, Chapter 75, Subchapter 3 is amended to add an additional section to read as follows:

26-75-320. Procedures and penalties for enforcement.

(a) The procedures and penalties used by the director in enforcing any local tax imposed pursuant to this subchapter shall be the same as for the gross receipts tax and compensating tax, as set out in the Arkansas Tax Procedure Act, § 26-18-101 et seq., except as specifically set out in this subchapter.

(b) Where property is seized by the director under the provisions of any law authorizing seizure of property of a taxpayer who is delinquent in payment of the taxes imposed by the Arkansas Gross Receipts Act, § 26-52-101 et seq., or Arkansas Compensating Tax Act, § 26-53-101 et seq., and where the taxpayer is also delinquent in payment of any tax imposed by this subchapter, the director shall sell sufficient property to pay the delinquent taxes and penalty due to any city under this subchapter in addition to that required to pay any amount due the state under these statutes. The proceeds from such sale shall first be applied to all sums due to the state, and the remainder, if any, shall be applied to all sums due the city.

SECTION 3. Arkansas Code 26-75-201 is amended to add an additional subsection to read as follows:

(c) This subchapter is intended to supplement and be levying authority for all Arkansas municipalities in addition to all other statutes authorizing municipal sales and use taxes. Collections of a tax levied hereby may be used to secure the payment of bonds or for any purpose for which the municipality's general fund may be used or for a combination thereof.

SECTION 4. Arkansas Code 26-75-301 is amended to add an additional subsection to read as follows:

(c) This subchapter is intended to supplement and be levying authority for all Arkansas municipalities in addition to all other statutes authorizing municipal sales and use taxes. Collections of a tax levied hereby may be used to secure the payment of bonds or for any purpose for which the municipality's general fund may be used or for a combination thereof.

SECTION 5. Arkansas Code 26-75-207(a) is amended to read as follows:

1 (a)(1) The governing body of any city may adopt an ordinance levying a
2 local sales and use tax in the amount of one-eighth of one percent (.125%),
3 one-fourth of one percent (.25%), one-half of one percent (0.5%), three-
4 fourths of one percent (.75%), ~~or~~ one percent (1%), or any combination
5 thereof for the benefit of such city in accordance with the provisions of
6 this subchapter.

7 (2) Each tax shall be adopted by ordinance and with the approval
8 of the voters of the municipality in accordance with this subchapter.

9
10 SECTION 6. Arkansas Code 26-75-307 is amended to read as follows:

11 26-75-307. Levying of tax.

12 (a) The governing body of any city may adopt an ordinance levying a
13 local sales or gross receipts and use tax in the amount of one-eighth of one
14 percent (.125%), one-fourth of one percent (.25%), one-half of one percent
15 (0.5%), three-fourths of one percent (.75%), ~~or~~ one percent (1%), or any
16 combination thereof for the benefit of the city in accordance with the
17 provisions of this subchapter.

18 (b) Each tax shall be adopted by ordinance and with the approval of
19 the voters of the municipality in accordance with this subchapter.

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21 SECTION 7. All laws and parts of laws in conflict herewith are hereby
22 repealed to the extent of such conflict.

23
24 SECTION 8. EMERGENCY CLAUSE. It is found and determined by the
25 General Assembly that legislation is needed for the collection and
26 enforcement of certain municipal sales and use taxes and that the immediate
27 passage of this act is necessary for the Department of Finance and
28 Administration to fulfill its duties with respect to such taxes. Therefore,
29 an emergency is declared to exist and this act being immediately necessary
30 for the preservation of the public peace, health and safety shall become
31 effective on the date of its approval by the Governor. If the bill is
32 neither approved nor vetoed by the Governor, it shall become effective on the
33 expiration of the period of time during which the Governor may veto the bill.
34 If the bill is vetoed by the Governor and the veto is overridden, it shall
35 become effective on the date the last house overrides the veto.

/s/ Teague

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