

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.

1 State of Arkansas  
2 84th General Assembly  
3 Regular Session, 2003  
4

As Engrossed: H3/12/03  
**A Bill**

HOUSE BILL 2634

5 By: Representative Mahony  
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7

8 **For An Act To Be Entitled**

9 AN ACT TO LEVY A FOUR PERCENT (4%) PRIVILEGE TAX  
10 ON THE GROSS RECEIPTS OF SELLERS OF ELECTRICITY,  
11 NATURAL GAS, CABLE OR SATELLITE TELEVISION  
12 SERVICES, TELECOMMUNICATIONS SERVICES, AND  
13 PROPANE AND BUTANE IN THE STATE IN LIEU OF THE  
14 CORPORATION INCOME TAX; AND FOR OTHER PURPOSES.  
15

16 **Subtitle**

17 TO LEVY A FOUR PERCENT (4%) PRIVILEGE  
18 TAX ON THE GROSS RECEIPTS OF SELLERS OF  
19 CERTAIN UTILITY SERVICES IN THE STATE IN  
20 LIEU OF CORPORATION INCOME TAX.  
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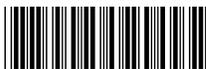
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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25 *SECTION 1. For purposes of this act:*

26 (1) "Director" means the Director of the Department of Finance  
27 and Administration;

28 (2)(A) "Gross receipts" means all of the revenues of a qualified  
29 business that are attributable to proceeds from all sales of the qualified  
30 business in this state during the tax period of the utilities or services  
31 designated in this section, without any deductions for the cost of any  
32 services or property sold, losses, or any expenses whatsoever.

33 (B) For purposes of calculating the tax imposed by this  
34 act, the "gross receipts" of sellers of propane or butane means the proceeds  
35 from all sales in the state of propane or butane in containers exceeding five  
36 (5) gallons;



1           (3) "Qualified business" means every corporation, joint stock  
2 company, association, limited or general partnership, joint venture, limited  
3 liability company, cooperative, or other entity or individual formed for, or  
4 engaged in the business of:

5                   (A) Selling electricity in the state;

6                   (B) Selling natural gas in the state;

7                   (C) Selling cable or satellite television services in the  
8 state;

9                   (D) Selling telecommunications services in the state; or

10                   (E) Selling propane or butane in the state; and

11           (4) "Telecommunications" services means those services that are  
12 taxable pursuant to Arkansas Code § 26-52-301.

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14           SECTION 2. (a)(1) Beginning July 1, 2003, there is levied and there  
15 shall be collected from every qualified business in this state a privilege  
16 tax for the privilege of doing business in the state that constitutes part of  
17 the operating overhead of the business.

18                   (2) The tax shall be computed by multiplying the gross receipts  
19 of the qualified business for the tax period by four percent (4%).

20                   (b) The tax levied in this section shall be in addition to all other  
21 taxes currently imposed, except as stated in subsection (c) of this section.

22                   (c)(1) Any qualified business subject to the tax levied in this act  
23 shall be exempt from the corporation income tax levied by Arkansas Code § 26-  
24 51-205 on and after July 1, 2003, with respect to the gross receipts taxed by  
25 this act.

26                   (2) Corporations that derive taxable Arkansas income from  
27 sources other than gross receipts for its sales of the utilities or services  
28 listed in section 1 shall continue to report and remit corporation income tax  
29 on that taxable income.

30                   (3) No credits, losses, or any other amount that would otherwise  
31 be allowable to reduce the corporation income tax liability of a qualified  
32 business shall be allowed to reduce the taxable gross receipts of a qualified  
33 business.

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35           SECTION 3. (a) The tax levied in this act shall be due and payable on  
36 the twentieth day of each month for the previous calendar month.

1       (b)(1) Each taxpayer subject to the tax imposed by this act shall file  
2 a return under oath upon forms prescribed and furnished by the director  
3 stating the amount of its gross receipts for the previous calendar month.

4       (2) The return shall show such further information as the  
5 Director of the Department of Finance and Administration may require to  
6 enable him or her to correctly compute and collect the tax levied.

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8       SECTION 4. (a)(1) Any qualified business whose corporation income tax  
9 liability ends on June 30, 2003, as a result of this act, but whose fiscal  
10 year ends after June 30, 2003, shall file a short year return.

11       (2) The final short year corporation income tax return shall be  
12 filed no later than October 15, 2003.

13       (b) The Director of the Department of Finance and Administration may  
14 allow further time for filing returns and assess interest under the  
15 provisions for extension in Arkansas Code § 26-18-505.

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17       SECTION 5. The administration of this act is vested in and shall be  
18 exercised by the Director of the Department of Finance and Administration.

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20       SECTION 6. The Arkansas Tax Procedure Act, § 26-18-101 et seq., is  
21 applicable to this act.

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23       SECTION 7. (a) The Director of the Department of Finance and  
24 Administration shall promulgate rules and regulations and prescribe forms for  
25 the proper enforcement of this act.

26       (b) The rules, regulations, and forms shall be dated and issued under  
27 a systematic method of numbering, and copies shall be made available to any  
28 person requesting them.

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30       SECTION 8. The gross receipts of qualified businesses providing  
31 telecommunications services shall be apportioned to this state where the  
32 customer's primary place of use, as determined in accordance with the Mobile  
33 Telecommunications Sourcing Act, 4 U.S.C. § 116 - 126, is within this state.

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35       SECTION 9. The revenues derived from the additional tax imposed by  
36 this act shall be credited to the General Revenue Fund Account of the State

1 Apportionment Fund, there to be distributed with the other gross general  
2 revenue collections for that month in accordance with the Revenue  
3 Stabilization Law.

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5 SECTION 10. This act becomes effective on July 1, 2003.

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7 SECTION 11. EMERGENCY CLAUSE. It is found and determined by the  
8 General Assembly of the State of Arkansas that revenue available for the  
9 support of necessary state services has declined during the last twelve (12)  
10 months as a result of the nationwide economic slow down; that without  
11 additional revenue, some essential state services will be reduced or  
12 eliminated; that some Arkansans will suffer as a result of service reductions  
13 or cuts; and that this act will provide the necessary revenue to avoid state  
14 service reductions or cuts. Therefore, an emergency is declared to exist and  
15 this act being immediately necessary for the preservation of the public  
16 peace, health and safety shall become effective on July 1, 2003.

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18 /s/ Mahony