

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

# A Bill

SENATE BILL 483

4  
5 By: Senators Hill, Wooldridge, Glover, G. Jeffress, Miller, T. Smith, Trusty, Broadway, Bryles  
6  
7

## For An Act To Be Entitled

9 AN ACT TO ENABLE ARKANSAS TO ENTER INTO THE  
10 STREAMLINED SALES AND USE TAX AGREEMENT WITH  
11 OTHER STATES AS PROVIDED IN ARKANSAS CODE § 26-  
12 20-101, ET SEQ., BY AMENDING THE ARKANSAS GROSS  
13 RECEIPTS ACT OF 1941, § 26-52-101 ET SEQ., THE  
14 ARKANSAS COMPENSATING TAX ACT OF 1949, § 26-53-  
15 101 ET SEQ., ARKANSAS CODE § 26-74-101, ET SEQ.,  
16 ARKANSAS CODE § 26-75-101, ET SEQ., ARKANSAS CODE  
17 § 26-81-101, ET SEQ., ARKANSAS CODE § 14-64-301,  
18 ET SEQ., AND ARKANSAS CODE § 26-3-307, ET SEQ.;  
19 AND FOR OTHER PURPOSES.  
20

## Subtitle

21 TO ENABLE ARKANSAS TO ENTER INTO THE  
22 STREAMLINED SALES AND USE TAX AGREEMENT  
23 BY AMENDING THE ARKANSAS SALES AND USE  
24 TAX LAWS.  
25  
26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
28

### SECTION 1. Fundamental Purpose.

29  
30 (a) In order to allow Arkansas to enter into a Streamlined Sales and  
31 Use Tax Agreement, Arkansas must simplify and modernize its sales and use tax  
32 laws.

33 (b) The Streamlined Sales and Use Tax Agreement focuses on improving  
34 sales and use tax administration systems for all sellers and for all types of  
35 commerce through all of the following:

36 (1) State level administration of sales and use tax collections;



- 1           (2) Uniformity in the state and local tax bases;
- 2           (3) Uniformity of major tax base definitions;
- 3           (4) Central, electronic registration system for all member
- 4 states;
- 5           (5) Simplification of state and local tax rates;
- 6           (6) Uniform sourcing rules for all taxable transactions;
- 7           (7) Simplified administration of exemptions;
- 8           (8) Simplified tax returns;
- 9           (9) Simplification of tax remittances; and
- 10          (10) Protection of consumer privacy.

11          (c) The Director of the Arkansas Department of Finance and  
 12 Administration may enter into the Streamlined Sales and Use Tax Agreement  
 13 ("agreement"), as described in subsection (a), upon the agreement going into  
 14 effect as outlined by that agreement.

15  
 16          SECTION 2. Arkansas Code § 26-3-307 is amended as follows:

17          26-3-307. ~~Adaptive~~ Durable medical equipment, mobility enhancing  
 18 equipment, and disposable medical supplies.

19          (a) Gross receipts or gross proceeds derived from the rental, sale, or  
 20 repair of ~~adaptive~~ durable medical equipment prescribed by a physician,  
 21 mobility enhancing equipment prescribed by a physician, and disposable  
 22 medical supplies prescribed by a physician shall be exempt from all state and  
 23 local sales and use taxes.

24                 (1) This exemption shall only apply to ~~adaptive~~ durable medical  
 25 equipment, mobility enhancing equipment, and disposable medical supplies  
 26 prescribed for a specific patient prior to the sale.

27                 (2) This exemption shall not apply to items purchased by  
 28 physicians, hospitals, nursing homes, or long-term care facilities for use by  
 29 their patients or residents.

30          (b) For the purpose of this section,

31                 (1) "~~adaptive~~ Durable medical equipment, mobility enhancing  
 32 equipment, and disposable medical supplies" shall include, but not be limited  
 33 to, the following:

- 34                 ~~(1)~~(A) Wheelchairs;
- 35                 ~~(2)~~(B) Leg braces;
- 36                 ~~(3)~~(C) Wheelchair lifts;

- 1           ~~(4)~~(D) Ostomy, urostomy, and colostomy supplies;
- 2           ~~(5)~~(E) Raised toilet seats;
- 3           ~~(6)~~(F) Catheters;
- 4           ~~(7)~~(G) Wheelchair batteries, tires, cushions, and supplies;
- 5           ~~(8)~~(H) Enemas, suppositories, and laxatives used in routine
- 6    bowel care;
- 7           ~~(9)~~(I) Flexor wrist splints;
- 8           ~~(10)~~(J) Trapeze bars;
- 9           ~~(11)~~(K) Grab bars and hand rails;
- 10          ~~(12)~~(L) Wheelchair adaptive devices;
- 11          ~~(13)~~(M) Hospital beds and adaptive devices;
- 12          ~~(14)~~(N) Patient lifts;
- 13          ~~(15)~~(O) Orthopedic shoes and devices such as shoe lifts and
- 14    inserts;
- 15          ~~(16)~~(P) Walkers;
- 16          ~~(17)~~(Q) Crutches;
- 17          ~~(18)~~(R) Automobile hand controls;
- 18          ~~(19)~~(S) Shower benches and chairs;
- 19          ~~(20)~~(T) Disposable undergarments and linen savers;
- 20          ~~(21)~~(U) Prosthetics;
- 21          ~~(22)~~(V) Braille writers, large print aids, visual and
- 22    communication aids for those who are legally blind;
- 23          ~~(23)~~(W) Hearing aids;
- 24          ~~(24)~~(X) Telecommunications devices and other communication
- 25    devices for the deaf, hearing impaired, and others with communicative
- 26    disorders; and
- 27          ~~(25)~~(Y) Speech devices for those with laryngectomies.

28           (2) "Durable medical equipment" means equipment including repair  
 29 and replacement parts for the equipment, that:

- 30                   (A) Can withstand repeated use;
- 31                   (B) Is primarily and customarily used to serve a medical  
 32 purpose;
- 33                   (C) Generally is not useful to a person in the absence of  
 34 illness or injury; and
- 35                   (D) Is not worn in or on the body.

36           (3)(A) "Mobility enhancing equipment" means equipment including

1 repair and replacement parts for the equipment.

2 (B) "Mobility enhancing equipment" does not include  
3 "durable medical equipment," that:

4 (i) Is primarily and customarily used to provide or  
5 increase the ability to move from one place to another and which is  
6 appropriate for use either in a home or a motor vehicle;

7 (ii) Is not generally used by persons with normal  
8 mobility; and

9 (iii) Does not include any motor or equipment on a  
10 motor vehicle normally provided by a motor vehicle manufacturer.

11 ~~(e)(4) For the purpose of this section, "physician"~~ "Physician" means  
12 a person licensed under § 17-95-401 et seq.

13 (5)(A) "Prosthetics" means a replacement, corrective, or  
14 supportive device including repair and replacement parts for the prosthetic  
15 worn on or in the body to:

16 (i) Artificially replace a missing portion of the  
17 body;

18 (ii) Prevent or correct physical deformity or  
19 malfunction; or

20 (iii) Support a weak or deformed portion of the  
21 body.

22 (B) "Prosthetics" does not include corrective eyeglasses,  
23 contact lenses, and dental prosthesis.

24  
25 SECTION 3. Arkansas Code § 26-52-103 is amended to read as follows:  
26 26-52-101. Title.

27 This ~~act~~ chapter shall be known and cited as the "Arkansas Gross  
28 Receipts Act of 1941".

29  
30 SECTION 4. Arkansas Code § 26-52-103 is amended to read as follows:  
31 26-52-103. Definitions.

32 ~~(a) The following words and phrases, except where the context clearly~~  
33 ~~indicates a different meaning, when used in this act shall have the following~~  
34 ~~meanings~~ As used in this chapter:

35 (1) "Person" includes any individual, company, partnership,  
36 limited liability company, joint venture, joint agreement, association,

1 mutual or otherwise, corporation, estate, trust, business trust, fiduciary,  
 2 receiver, or trustee appointed by any state or federal court or otherwise,  
 3 syndicate, this state, any county, city, municipality, school district, or  
 4 any other political subdivision of the state or group or combination acting  
 5 as a unit, or any other legal entity;

6 (2) "Director" means the Director of the Department of Finance  
 7 and Administration, or any of his authorized agents;

8 (3)(A) "Sale" is declared to mean the transfer of either the  
 9 title or possession, except in the case of leases or rentals, for a valuable  
 10 consideration of tangible personal property, regardless of the manner,  
 11 method, instrumentality, or device by which the transfer is accomplished.

12 (B) "Sale" is also declared to include the exchange,  
 13 barter, lease, or rental of tangible personal property.

14 (C)(i) In the case of leases or rentals for less than  
 15 thirty (30) days of tangible personal property including motor vehicles and  
 16 trailers, the tax shall be paid on the basis of rental or lease payments made  
 17 to the lessor of such tangible personal property during the term of the lease  
 18 or rental regardless of whether Arkansas gross receipts tax or compensating  
 19 use tax was paid by the lessor at the time of the purchase of the property.

20 (ii) In the case of leases or rentals for thirty  
 21 (30) days or more of tangible personal property including motor vehicles and  
 22 trailers, the tax shall be paid on the basis of rental or lease payments made  
 23 to the lessor of the tangible personal property during the term of the lease  
 24 or rental unless Arkansas gross receipts tax or compensating use tax was paid  
 25 by the lessor at the time of the purchase of the property.

26 (iii) Any person engaged in the business of leasing  
 27 or renting motor vehicles shall collect, report, and remit gross receipts tax  
 28 on the lease or rental payments in lieu of paying tax at the time of  
 29 registration.

30 (D) "Sale" shall also include the sale, giving away,  
 31 exchanging, or other disposition of admissions, dues, or fees to clubs, to  
 32 places of amusement, or recreational or athletic events, or for the privilege  
 33 of having access to or the use of amusement, athletic, or entertainment  
 34 facilities.

35 (E) "Sale" shall not include the furnishing or rendering  
 36 of services, except as otherwise provided in this section;



1 taxes levied by this ~~act~~ chapter;

2 (6) "Established business" means any business operated or  
3 conducted by any person in a continuous manner for any length of time from an  
4 established place or in an established manner;

5 (7) "Seller" means every person making a sale in an established  
6 business as defined in this section;

7 (8) "Tax period" or "taxable period" means either the calendar  
8 period or the taxpayer's fiscal period where a taxpayer has obtained a permit  
9 from the director or from any of his authorized agents to use a fiscal period  
10 in lieu of a calendar period;

11 (9)(A)(i) "Consumer" or "user" means the person to whom the  
12 taxable sale is made or to whom taxable services are furnished.

13 (ii) All contractors are deemed to be  
14 consumers or users of all tangible personal property, including materials,  
15 supplies, and equipment, used or consumed by them in performing any  
16 contract,; and

17 (iii) ~~the~~ The sales of all such property to  
18 contractors are taxable sales within the meaning of this ~~act~~ chapter.

19 (B) "Contract" means any agreement or undertaking to  
20 construct, manage, or supervise the construction, erection, alteration, or  
21 repair of any building or other improvement or structure affixed to real  
22 estate, including any of their component parts.

23 (C) "Contractor" means any person who contracts or  
24 undertakes to construct, manage, or supervise the construction, erection,  
25 alteration, or repair of any building or other improvement or structure  
26 affixed to real estate, including any of their component parts;

27 (10)(A) "Doing business" or "engaging in business" includes any  
28 and all local activity regularly and persistently pursued by any seller or  
29 vendor through agents, employees, or representatives with the object of gain,  
30 profit, or advantage and which results in a sale, delivery, or the transfer  
31 of the physical position of any tangible personal property by the vendor to  
32 the vendee, at or from any point within Arkansas, whether from warehouse,  
33 store, office, storage point, rolling store, motor vehicle, delivery  
34 conveyance, or by any method or device under the control of seller effecting  
35 such local delivery, without regard to the terms of sale with respect to  
36 point of acceptance of the order, point of payment, or any other condition;

1 (B) "Doing business" or "engaging in business", as set out  
 2 in this subdivision, is equally applicable to sellers of services as are made  
 3 the subject matter of the tax imposed by this act;

4 (C) The provisions of this subdivision shall be cumulative  
 5 to the gross receipts tax law and shall not be construed as levying a tax on  
 6 any receipts derived from personal or professional services not heretofore  
 7 made the subject matter and within the scope of the present gross receipts  
 8 tax law, as amended, nor shall the provisions of this subdivision be  
 9 construed as repealing or modifying any of the provisions therein.

10 ~~(b) The definitions of words provided in this section are for the~~  
 11 ~~purposes of this act only.~~

12 (11)(A) "Direct mail" means printed material delivered or  
 13 distributed by United States mail or other delivery service to a mass  
 14 audience or to addressees on a mailing list provided by the purchaser or at  
 15 the direction of the purchaser when the cost of the items are not billed  
 16 directly to the recipients.

17 (B) "Direct mail" includes tangible personal property  
 18 supplied directly or indirectly by the purchaser to the direct mail seller  
 19 for inclusion in the package containing the printed material.

20 (C) "Direct mail" does not include multiple items of  
 21 printed material delivered to a single address;

22 (12)(A)(i) "Lease or rental" means any transfer of possession or  
 23 control of tangible personal property for a fixed or indeterminate term for  
 24 consideration.

25 (ii) A lease or rental may include future options to  
 26 purchase or extend.

27 (B) Lease or rental does not include:

28 (i) A transfer of possession or control of property  
 29 under a security agreement or deferred payment plan that requires the  
 30 transfer of title upon completion of the required payments;

31 (ii) A transfer of possession or control of property  
 32 under an agreement that requires the transfer of title upon completion of  
 33 required payments and payment of an option price that does not exceed the  
 34 greater of one hundred dollars (\$100) or one percent (1%) of the total  
 35 required payments; or

36 (iii)(a) Providing tangible personal property along

1 with an operator for a fixed or indeterminate period of time.

2 (b) A condition of this exclusion is that the  
3 operator is necessary for the equipment to perform as designed.

4 (c) For the purpose of this subdivision, an  
5 operator must do more than maintain, inspect, or set-up the tangible personal  
6 property.

7 (C) Lease or rental does include agreements covering motor  
8 vehicles and trailers where the amount of consideration may be increased or  
9 decreased by reference to the amount realized upon sale or disposition of the  
10 property as defined in 26 U.S.C. § 7701(h)(1).

11 (D) This definition shall be used for sales and use tax  
12 purposes regardless if a transaction is characterized as a lease or rental  
13 under generally accepted accounting principles, the Internal Revenue Code,  
14 the Arkansas Uniform Commercial Code, or other provisions of federal, state  
15 or local law.

16 (E)(i) This definition will be applied only prospectively  
17 from the effective date of this subdivision and will have no retroactive  
18 impact on existing leases or rentals.

19 (ii) This definition shall neither impact any  
20 existing sale-leaseback exemption nor exclusions; and

21 (13) "Retail sale or sale at retail" means any sale, lease, or  
22 rental for any purpose other than for resale, sublease, or subrent.

23  
24 SECTION 5. Arkansas Code § 26-52-202 is amended to read as follows:

25 26-52-202. Application for permit.

26 (a) Every taxpayer shall file with the director an application for a  
27 permit to conduct the business, setting forth such information as the  
28 director may require.

29 (b) The application shall be signed by the owner of the business as a  
30 natural person or, in the case of a corporation, by a legally constituted  
31 officer thereof, except sellers that register electronically will not be  
32 required to provide a written signature.

33 (c) Taxpayers are permitted to file an application through an agent if  
34 the registration is filed with the director and is made in writing.

35  
36 SECTION 6. Arkansas Code § 26-52-301(3)(A), pertaining to the taxation

1 of telecommunications services, is repealed.

2 ~~(3)(A)(i) Service by telephone, telecommunications, and~~  
 3 ~~telegraph companies to subscribers or users, including transmission of~~  
 4 ~~messages or images, whether local or long distance.~~

5 ~~(ii) Taxable services shall include basic local~~  
 6 ~~service and rental charges, including all installation and construction~~  
 7 ~~charges and all service and rental charges having any connection with~~  
 8 ~~transmission of any message or image.~~

9 ~~(iii) Except as provided in subdivision (3)(A)(iv)~~  
 10 ~~of this section, taxable long distance services shall include:~~

11 ~~(a) Long distance messages that originate and~~  
 12 ~~terminate within this state;~~

13 ~~(b) Interstate long distance messages that~~  
 14 ~~originate within this state and terminate outside this state and are billed~~  
 15 ~~to an Arkansas telephone number or customer location;~~

16 ~~(c) Interstate long distance messages that~~  
 17 ~~originate outside of this state and terminate within this state and are~~  
 18 ~~billed to an Arkansas telephone number or customer location; and~~

19 ~~(d) [Effective August 1, 2002.] Long distance~~  
 20 ~~messages which originate and terminate outside this state made by mobile~~  
 21 ~~telecommunications service which are charged to a customer who maintains a~~  
 22 ~~place of primary use in this state.~~

23 ~~(iv) However, the following services shall not be~~  
 24 ~~subject to the tax:~~

25 ~~(a) Any interstate private communications~~  
 26 ~~service that is not accessible by the public;~~

27 ~~(b) Any interstate service that allows access~~  
 28 ~~to private telephone lines and that is not accessible by the public;~~

29 ~~(c) Any interstate wide area~~  
 30 ~~telecommunications service or other similar service that entitles the~~  
 31 ~~subscriber to make or receive an unlimited number of communications to or~~  
 32 ~~from persons having telecommunications service in a specified area that is~~  
 33 ~~outside the state in which the station provided with this service is located;~~  
 34 ~~or~~

35 ~~(d) Any telephone or telecommunication~~  
 36 ~~services paid by utilizing a prepaid telephone calling card or prepaid~~

1 authorization number as provided in § 26-52-314.

2 ~~(v)(a) This tax shall apply to all customer access~~  
 3 ~~line charges billed to an Arkansas telephone number. Access line charges are~~  
 4 ~~those charges associated with or for access to the long distance network.~~

5 ~~(b) However, access or other telecommunication~~  
 6 ~~services provided to telephone, telegraph, or telecommunications companies~~  
 7 ~~that will be used to provide telecommunications services shall not be subject~~  
 8 ~~to this tax.~~

9 ~~(vi)(a) [Effective August 1, 2002.] The Mobile~~  
 10 ~~Telecommunications Sourcing Act, Pub.L. 106-252, as in effect on January 1,~~  
 11 ~~2001, is adopted in its entirety. All charges for mobile telecommunications~~  
 12 ~~services are deemed to be provided by the customer's home service provider~~  
 13 ~~and sourced to the customer's place of primary use and shall be subject to~~  
 14 ~~gross receipts tax based upon the customer's place of primary use as~~  
 15 ~~determined by the Mobile Telecommunications Sourcing Act, Pub.L. 106-252.~~

16 ~~(b)(1) [Effective August 1, 2002.] Any~~  
 17 ~~customer who alleges that an amount of tax, charge, or fee or that the~~  
 18 ~~assignment of the place of primary use or taxing jurisdiction included on a~~  
 19 ~~billing is erroneous shall notify the home service provider in writing. The~~  
 20 ~~customer must include the street address for the customer's place of primary~~  
 21 ~~use, the account name and number for which the correction of tax assignment~~  
 22 ~~is sought, a description of the alleged error, and any other information~~  
 23 ~~requested by the home service provider necessary to process the request.~~

24 ~~(2) [Effective August 1, 2002.] The~~  
 25 ~~home service provider shall conduct a review of its records and the~~  
 26 ~~electronic database or enhanced zip code used to determine the place of~~  
 27 ~~primary use within sixty (60) days of receiving the notice from its customer.~~  
 28 ~~If it is determined that the amount of tax, charge, or fee or that the~~  
 29 ~~assignment of the place of primary use or taxing jurisdiction is in error,~~  
 30 ~~the home service provider shall correct the error and refund or credit the~~  
 31 ~~amount of tax, charge, or fee erroneously collected from the customer for a~~  
 32 ~~period of up to three (3) years. If it is determined that the amount of tax,~~  
 33 ~~charge, or fee or assignment of the place of primary use or taxing~~  
 34 ~~jurisdiction is correct, the home service provider shall provide a written~~  
 35 ~~explanation to the customer.~~

36 ~~(3) [Effective August 1, 2002.] A~~

1 customer seeking correction of assignment of place of primary use or taxing  
 2 jurisdiction or a refund or credit of taxes, charges, or fees erroneously  
 3 collected by the home service provider must seek to have the error corrected  
 4 pursuant to these provisions in this subdivision (3)(A)(vi)(b) before any  
 5 cause of action arises as a result of the error.

6 (vii)(a) Charges for nontaxable services that are  
 7 aggregated with other charges for communications services that are taxable  
 8 and are not separately stated on the bill or invoice shall not be subject to  
 9 the gross receipts tax if the seller can reasonably identify the nontaxable  
 10 charges on the seller's books and records kept in the regular course of  
 11 business.

12 (b) If the nontaxable charges cannot  
 13 reasonably be identified, the gross receipts from the sales of both taxable  
 14 and nontaxable communications services billed on a combined basis shall be  
 15 attributed to the taxable communications services.

16 (c) The burden of proving nontaxable receipts  
 17 or charges shall be on the seller of the communications services;

18  
 19 SECTION 7. Arkansas Code § 26-52-303, is amended to read as follows:  
 20 26-52-303. Border cities or towns - Tax rate - Exemptions.

21 (a)(1) In instances where:

22 (A) An Arkansas city or incorporated town is divided by a  
 23 state line from an incorporated city or town in an adjoining state;

24 (B) The city or town in the adjoining state is of greater  
 25 population than the Arkansas city or town; ~~and~~

26 (C) A tax imposed in such adjoining state is in the nature  
 27 of a selective sales tax or limited to specific items as a special excise  
 28 tax; and then the rate of tax upon such articles on the Arkansas side shall  
 29 be at the same rate imposed in such adjoining state not to exceed the state  
 30 sales tax rate as levied by the General Assembly, initiatives enacted by the  
 31 people of the State of Arkansas, and amendments to the Arkansas Constitution.

32 (2)(D) ~~Provided that, if such~~ The border city has voted to levy  
 33 an additional one percent (1%) gross receipts tax in such city in lieu of  
 34 paying state income taxes by individuals who are residents of said city, as  
 35 authorized by § 26-52-601 et seq., then in such event the rate of tax shall  
 36 be one percent (1%) above the state sales tax rate as levied by the General

1 Assembly, initiatives enacted by the people of the State of Arkansas, and  
 2 amendments to the Arkansas Constitution.

3 ~~(b) The exception hereunder shall not be applicable to gross receipts~~  
 4 ~~or gross proceeds derived from the sale of beer, wine, liquor, or any other~~  
 5 ~~form of intoxicating beverages in any border city or incorporated town in the~~  
 6 ~~State of Arkansas.~~

7 ~~(e)(b)~~ With respect to motor vehicles sold in any such city or  
 8 incorporated town, the exemption authorized herein shall be applicable only  
 9 to motor vehicles sold to and registered by bona fide residents of such  
 10 Arkansas city or incorporated town and shall not be applicable to motor  
 11 vehicles sold to nonresidents.

12 ~~(d)(1)(c)(1)~~ The director shall require any person claiming this  
 13 exemption to file a sworn statement in writing that the person is a resident  
 14 of that city or incorporated town, and such other information as the director  
 15 may determine is necessary to establish the residence of any such person.

16 (2) Any person filing a false statement or otherwise falsely  
 17 obtaining, or assisting any other person to falsely obtain, the benefits of  
 18 the exemption authorized in this section shall, upon conviction, be fined in  
 19 a sum of not less than one hundred dollars (\$100) nor more than five hundred  
 20 dollars (\$500).

21

22 SECTION 8. Arkansas Code § 26-52-309 is amended to read as follows:

23 26-52-309. Deduction for bad debts generally.

24 (a)(1) In computing the amount of tax due under the Arkansas Gross  
 25 Receipts Act, § 26-52-101 et seq., and any act supplemental thereto,  
 26 taxpayers may deduct bad debts from the total amount upon which the tax is  
 27 calculated for any report on the return for the period during which the bad  
 28 debt is written off as uncollectable in the taxpayer's books and records and  
 29 is eligible to be deducted for federal income tax purposes.

30 (2) Any deduction taken or refund paid which is attributed to  
 31 bad debts shall not include interest.

32 (b)(1)(A) For purposes of this section, "bad debt" means any portion  
 33 of a debt for an amount which a taxpayer has reported as taxable which the  
 34 taxpayer legally claims as a bad debt deduction for federal income tax  
 35 purposes.

36 (B) A taxpayer who is not required to file federal income

1 tax returns may deduct a bad debt on a return filed for the period in which  
2 the bad debt is written off as uncollectable in the taxpayer's books and  
3 records and would be eligible for a bad debt deduction for federal income tax  
4 purposes if the taxpayer was required to file a federal income tax return.

5 (2) Bad debts include, but are not limited to, worthless checks,  
6 worthless credit card payments, and uncollectible credit accounts.

7 (3) Bad debts do not include financing charges or interest,  
8 uncollectible amounts on property that remain in the possession of the  
9 taxpayer or vendor until the full purchase price is paid, expenses incurred  
10 in attempting to collect any debt, debts sold or assigned to third parties  
11 for collection, and repossessed property.

12 (c) Bad debts incurred for sales made prior to November 9, 1983, shall  
13 not be deducted.

14 (d) Bad debts must be deducted within three (3) years of the date of  
15 the sale for which the debt was incurred.

16 (e) If a deduction is taken for a bad debt and the taxpayer  
17 subsequently collects the debt in whole or in part, the tax on the amount so  
18 collected shall be paid and reported on the ~~next return due after the~~  
19 collection return filed for the period in which the collection is made.

20 (f)(1) When the filing responsibilities have been assumed by a  
21 Certified Service Provider, as provided in the Uniform Sales and Use Tax  
22 Administration Act, § 26-20-101, et seq., the service provider will be  
23 allowed to claim, on behalf of the taxpayer, any bad debt allowance provided  
24 by this section.

25 (2) The Certified Service Provider must credit or refund the  
26 full amount of any bad debt allowance or refund received to the taxpayer.

27  
28 SECTION 9. Arkansas Code Title 26, Chapter 52, Subchapter 3, is  
29 amended to add an additional sections to read as follows:

30 26-52-315. Telecommunications Services.

31 (a) The gross receipts or gross proceeds derived from the sale of  
32 taxable telecommunications services, as provided in this section, are subject  
33 to the Arkansas gross receipts tax levied by the Arkansas Gross Receipts Act  
34 of 1941, as amended, § 26-52-101 et seq., and by any act supplemental  
35 thereto.

36 (b) The following services are taxable telecommunications services:

1           (1) Service by telephone, telecommunications, and telegraph  
 2 companies to subscribers or users, including transmission of messages or  
 3 images, whether local or long distance;

4           (2) Taxable services shall include basic local service and  
 5 rental charges, including all installation and construction charges and all  
 6 service and rental charges having any connection with transmission of any  
 7 message or image; and

8           (3) Except as provided in subdivision (c) of this section,  
 9 taxable long distance services shall include:

10           (A) Long distance messages that originate and terminate  
 11 within this state;

12           (B) Interstate long distance messages that originate  
 13 within this state or terminate outside this state and are billed to a place  
 14 of primary use in this state;

15           (C) All customer access line charges associated with or  
 16 for access to the long distance network, except that access or other  
 17 telecommunication services provided to telephone, telegraph, or  
 18 telecommunications companies that will be used to provide telecommunications  
 19 services shall not be subject to this tax; and

20           (D) Long distance messages which originate and terminate  
 21 outside this state made by mobile telecommunications service that are charged  
 22 to a customer who maintains a place of primary use in this state.

23           (c) The following services shall not be taxable:

24           (1) Any interstate private communications service that is not  
 25 accessible by the public;

26           (2) Any interstate service that allows access to private  
 27 telephone lines and that is not accessible by the public;

28           (3) Any interstate wide area telecommunications service or other  
 29 similar service that entitles the subscriber to make or receive an unlimited  
 30 number of communications to or from persons having telecommunications service  
 31 in a specified area that is outside the state in which the station provided  
 32 with this service is located; or

33           (4) Any telephone or telecommunication services paid by  
 34 utilizing a prepaid telephone calling card or prepaid authorization number as  
 35 provided in § 26-52-314.

36           (d)(1)(A) The Mobile Telecommunications Sourcing Act, Pub.L. 106-252,

1 as in effect on January 1, 2001, is adopted in its entirety.

2 (B) All charges for mobile telecommunications services are  
3 provided by the customer's home service provider and sourced to the  
4 customer's place of primary use and are subject to gross receipts tax based  
5 upon the customer's place of primary use as determined by the Mobile  
6 Telecommunications Sourcing Act, Pub.L. 106-252.

7 (2)(A)(i) Any customer who alleges that an amount of tax,  
8 charge, or fee or that the assignment of the place of primary use or taxing  
9 jurisdiction included on a billing is erroneous, shall notify the home  
10 service provider in writing.

11 (ii) The customer must include the street address  
12 for the customer's place of primary use, the account name and number for  
13 which the correction of tax assignment is sought, a description of the  
14 alleged error, and any other information requested by the home service  
15 provider necessary to process the request.

16 (B)(i) The home service provider shall conduct a review of  
17 its records and the electronic database or enhanced zip code used to  
18 determine the place of primary use within sixty (60) days of receiving the  
19 notice from its customer.

20 (ii) If it is determined that the amount of tax,  
21 charge, or fee or that the assignment of the place of primary use or taxing  
22 jurisdiction is in error, the home service provider shall correct the error  
23 and refund or credit the amount of tax, charge, or fee erroneously collected  
24 from the customer for a period of up to three (3) years.

25 (iii) If it is determined that the amount of tax,  
26 charge, or fee or assignment of the place of primary use or taxing  
27 jurisdiction is correct, the home service provider shall provide a written  
28 explanation to the customer.

29 (C) A customer seeking correction of assignment of place  
30 of primary use or taxing jurisdiction or a refund or credit of taxes,  
31 charges, or fees erroneously collected by the home service provider must seek  
32 to have the error corrected under subdivision (d)(2)(A) of this section  
33 before any cause of action arises as a result of the error.

34 (3)(A) Charges for nontaxable services that are aggregated with  
35 other charges for communications services that are taxable and are not  
36 separately stated on the bill or invoice shall not be subject to the gross

1 receipts tax if the seller can reasonably identify the nontaxable charges on  
 2 the seller's books and records kept in the regular course of business.

3 (B) If the nontaxable charges cannot reasonably be  
 4 identified, the gross receipts from the sales of both taxable and nontaxable  
 5 communications services billed on a combined basis shall be attributed to the  
 6 taxable communications services.

7 (C) The burden of proving nontaxable receipts or charges  
 8 is on the seller of the communications services.

9 (e)(1) Except for the telecommunication services in subdivision  
 10 (e)(3), the sale of telecommunication service sold on a call-by-call basis  
 11 shall be sourced to:

12 (A) Each state, county, or city jurisdiction where the  
 13 call originates and terminates in that jurisdiction; or

14 (B) Each state, county, or city where the call either  
 15 originates or terminates and in which the service address is also located.

16 (2) Except for the telecommunication services in subdivision  
 17 (e)(3), a sale of telecommunications services sold on a basis other than a  
 18 call-by-call basis, is sourced to the customer's place of primary use.

19 (3) The sale of the following telecommunication services shall  
 20 be sourced to each state, county, or city as follows:

21 (A) A sale of mobile telecommunications services, other  
 22 than air-to-ground radiotelephone service and prepaid calling service, is  
 23 sourced to the customer's place of primary use as required by the Mobile  
 24 Telecommunications Sourcing Act;

25 (B) A sale of postpaid calling service is sourced to the  
 26 origination point of the telecommunications signal as first identified by  
 27 either:

28 (i) The seller's telecommunications system; or

29 (ii) Information received by the seller from its  
 30 service provider, where the system used to transport the signals is not that  
 31 of the seller;

32 (C)(i) A sale of prepaid calling service is sourced in  
 33 accordance with § 26-52-521(b).

34 (ii) Except for a sale of mobile telecommunications  
 35 service that is a prepaid telecommunications service, the rule provided in §  
 36 26-52-521(b)(5), shall include, as an option, the location associated with

1 the mobile telephone number; or

2 (D) A sale of a private communication service is sourced  
 3 as follows:

4 (i) Service for a separate charge related to a  
 5 customer channel termination point is sourced to each state, county, or city  
 6 in which the customer channel termination point is located;

7 (ii) Service where all customer termination points  
 8 are located entirely within one (1) jurisdiction or levels of jurisdiction is  
 9 sourced in the state, county, and city in which the customer channel  
 10 termination points are located;

11 (iii) Service for segments of a channel between two  
 12 (2) customer channel termination points located in different jurisdictions  
 13 and which segment of channel are separately charged is sourced fifty percent  
 14 (50%) in each state, county, and city in which the customer channel  
 15 termination points are located; or

16 (iv) Service for segments of a channel located in  
 17 more than one (1) jurisdiction or levels of jurisdiction and which segments  
 18 are not separately billed is sourced in each jurisdiction based on the  
 19 percentage determined by dividing the number of customer channel termination  
 20 points in the jurisdiction by the total number of customer channel  
 21 termination points.

22 (f) Definitions. For purposes of this section:

23 (1) "Air-to-ground radiotelephone service" means a radio  
 24 service, as that term is defined in 47 CFR 22.99, in which common carriers  
 25 are authorized to offer and provide radio telecommunications service for hire  
 26 to subscribers in aircraft;

27 (2) "Call-by-call basis" means any method of charging for  
 28 telecommunications services where the price is measured by individual calls;

29 (3) "Communications channel" means a physical or virtual path of  
 30 communications over which signals are transmitted between or among customer  
 31 channel termination points;

32 (4)(A) "Customer" means the person or entity that contracts with  
 33 the seller of telecommunications services.

34 (B) If the end user of telecommunications services is not  
 35 the contracting party, the end user of the telecommunications service is the  
 36 customer of the telecommunication service, but this sentence only applies for

1 the purpose of sourcing sales of telecommunications services under subsection  
2 (e);

3 (C) "Customer" does not include a reseller of  
4 telecommunications service or for mobile telecommunications service of a  
5 serving carrier under an agreement to serve the customer outside the home  
6 service provider's licensed service area;

7 (5) "Customer channel termination point" means the location  
8 where the customer either inputs or receives the communications;

9 (6)(A) "End user" means the person who utilizes the  
10 telecommunication service.

11 (B) In the case of an entity, "end user" means the  
12 individual who utilizes the service on behalf of the entity;

13 (7) "Home service provider" means the same as that term is  
14 defined in the Mobile Telecommunications Sourcing Act, Section 124(5) of  
15 Public Law 106-252;

16 (8) "Mobile telecommunications service" means the same as that  
17 term is defined in the Mobile Telecommunications Sourcing Act, Section 124(5)  
18 of Public Law 106-252;

19 (9)(A) "Place of primary use" means the street address  
20 representative of where the customer's use of the telecommunications service  
21 primarily occurs, which must be the residential street address or the primary  
22 business street address of the customer.

23 (B) In the case of mobile telecommunications services,  
24 "place of primary use" must be within the licensed service area of the home  
25 service provider;

26 (10)(A) "Post-paid calling service" means the telecommunications  
27 service obtained by making a payment on a call-by-call basis either through  
28 the use of a credit card or payment mechanism such as a bank card, travel  
29 card, credit card, or debit card, or by charge made to which a telephone  
30 number which is not associated with the origination or termination of the  
31 telecommunications service.

32 (B) "Postpaid calling service" includes a  
33 telecommunications service that would be a prepaid calling service except it  
34 is not exclusively a telecommunication service;

35 (11) "Prepaid calling service" means the right to access  
36 exclusively telecommunications services, which must be paid for in advance

1 and which enables the origination of calls using an access number or  
 2 authorization code, whether manually or electronically dialed, and that is  
 3 sold in predetermined units or dollars of which the number declines with use  
 4 in a known amount;

5 (12) "Private communication service" means a telecommunication  
 6 service that entitles the customer to exclusive or priority use of a  
 7 communications channel or group of channels between or among termination  
 8 points, regardless of the manner in which the channel or channels are  
 9 connected, and includes switching capacity, extension lines, stations, and  
 10 any other associated services that are provided in connection with the use of  
 11 the channel or channels; and

12 (13) "Service address" means:

13 (A) The location of the telecommunications equipment to  
 14 which a customer's call is charged and from which the call originates or  
 15 terminates, regardless of where the call is billed or paid;

16 (B) If the location in subdivision (f)(13)(A) is not  
 17 known, service address means the origination point of the signal of the  
 18 telecommunications services first identified by either the seller's  
 19 telecommunications system or in information received by the seller from its  
 20 service provider, where the system used to transport the signals is not that  
 21 of the seller; or

22 (C) If the location in subdivision (f)(13)(A) and  
 23 subdivision (f)(13)(B) are not known, the service address means the location  
 24 of the customer's place of primary use.

25  
 26 SECTION 10. Arkansas Code § 26-52-508(d)(3), regarding the collection  
 27 of tax by sellers or admissions collectors, is repealed.

28 ~~(3) The director may, in the alternative and at his discretion,~~  
 29 ~~set up by regulation a bracket system of collecting the tax due hereunder.~~

30  
 31 SECTION 11. Arkansas Code Title 26, Chapter 52, Subchapter 5 is  
 32 amended to add additional sections to read as follows:

33 26-52-521. Sourcing of Sales.

34 (a)(1) This section applies for purposes of determining a seller's  
 35 obligation to pay or collect and remit a sales or use tax with respect to the  
 36 seller's retail sale of a product or service.

1           (2) This section does not affect the obligation of a purchaser  
2 or lessee to remit tax on the use of the product or service to the taxing  
3 jurisdictions of that use and does not apply to the sales or use taxes levied  
4 on the retail sale, excluding lease or rental, of motor vehicles, trailers,  
5 or semitrailers, that require licensing.

6           (b) The retail sale, excluding lease or rental, of a product or  
7 service shall be sourced as follows:

8           (1) If the product or service is received by the purchaser at a  
9 business location of the seller, the sale is sourced to that business  
10 location;

11           (2) If the product or service is not received by the purchaser  
12 at a business location of the seller, the sale is sourced to the location  
13 where receipt by the purchaser, or the purchaser's donee, designated as such  
14 by the purchaser occurs, including the location indicated by instructions for  
15 delivery to the purchaser, or donee, known to the seller;

16           (3) If subsections (b)(1) and (b)(2) of this section do not  
17 apply, the sale is sourced to the location indicated by an address for the  
18 purchaser that is available from the business records of the seller that are  
19 maintained in the ordinary course of the seller's business when use of this  
20 address does not constitute bad faith;

21           (4) If subsections (b)(1), (b)(2), and (b)(3) of this section do  
22 not apply, the sale is sourced to the location indicated by an address for  
23 the purchaser obtained during the consummation of the sale, including the  
24 address of a purchaser's payment instrument, if no other address is  
25 available, when use of this address does not constitute bad faith; or

26           (5) If none of the previous rules of subsections (b)(1), (b)(2),  
27 (b)(3), or (b)(4) of this section apply, including the circumstance in which  
28 the seller is without sufficient information to apply the previous rules,  
29 then the location will be determined by the address from which tangible  
30 personal property was shipped or from which the service was provided,  
31 disregarding for these purposes any location that merely provided the digital  
32 transfer of the product sold.

33           (c) The lease or rental of tangible personal property, other than  
34 property identified in subsection (d) or subsection (e) of this section,  
35 shall be sourced as follows:

36           (1)(A) For a lease or rental that requires recurring periodic

1 payments, the first periodic payment is sourced the same as a retail sale in  
2 accordance with the provisions of subsection (b) of this section.

3 (B) Periodic payments made after the first payment are  
4 sourced to the primary property location for each period covered by the  
5 payment.

6 (C) The primary property location shall be as indicated by  
7 an address for the property provided by the lessee that is available to the  
8 lessor from its records maintained in the ordinary course of business, if use  
9 of this address does not constitute bad faith.

10 (D) The property location shall not be altered by  
11 intermittent use at different locations, such as use of business property  
12 that accompanies employees on business trips and service calls;

13 (2) For a lease or rental that does not require recurring  
14 periodic payments, the payment is sourced the same as a retail sale in  
15 accordance with the provisions of subsection (b) of this section; and

16 (3) This subsection (c) does not affect the imposition or  
17 computation of sales or use tax on leases or rentals based on a lump sum or  
18 accelerated basis, or on the acquisition of property for lease.

19 (d) The lease or rental of motor vehicles, trailers, semitrailers, or  
20 aircraft that do not qualify as transportation equipment, as defined in  
21 subsection (e) of this section, shall be sourced as follows:

22 (1)(A) For a lease or rental that requires recurring periodic  
23 payments, each periodic payment is sourced to the primary property location.

24 (B) The primary property location shall be as indicated by  
25 an address for the property provided by the lessee that is available to the  
26 lessor from its records maintained in the ordinary course of business, when  
27 use of this address does not constitute bad faith.

28 (C) This location shall not be altered by intermittent use  
29 at different locations;

30 (2) For a lease or rental that does not require recurring  
31 periodic payments, the payment is sourced the same as a retail sale in  
32 accordance with the provisions of subsection (b) of this section; and

33 (3) This subsection does not affect the imposition or  
34 computation of sales or use tax on leases or rentals based on a lump sum or  
35 accelerated basis, or on the acquisition of property for lease.

36 (e)(1) The retail sale, including lease or rental, of transportation

1 equipment shall be sourced the same as a retail sale in accordance with the  
 2 provisions of subsection (b) of this section, notwithstanding the exclusion  
 3 of lease or rental in subsection (b) of this section.

4 (2) "Transportation equipment" means any of the following:

5 (A) Locomotives and railcars that are utilized for the  
 6 carriage of persons or property in interstate commerce;

7 (B) Trucks and truck tractors with a Gross Vehicle Weight  
 8 Rating of ten thousand one (10,001) pounds or greater, trailers,  
 9 semitrailers, or passenger buses that are:

10 (i) Registered through the International  
 11 Registration Plan; and

12 (ii) Operated under authority of a carrier  
 13 authorized and certificated by the United States Department of Transportation  
 14 or another federal authority to engage in the carriage of persons or property  
 15 in interstate commerce;

16 (C) Aircraft that are operated by air carriers authorized  
 17 and certificated by the United States Department of Transportation or another  
 18 federal or a foreign authority to engage in the carriage of persons or  
 19 property in interstate or foreign commerce; or

20 (D) Containers designed for use on and component parts  
 21 attached or secured on the items under subdivisions (e)(1) through (e)(3) of  
 22 this section.

23 (f) For the purpose of subsection (b) of this section:

24 (1) "Receive" and "receipt" mean:

25 (A) Taking possession of tangible personal property; or

26 (B) Making first use of services; and

27 (2) "Receive" and "receipt" do not include possession by a  
 28 shipping company on behalf of the purchaser.

29 (g) When a motor vehicle, trailer, or semitrailer, that requires  
 30 licensing, is sold to a person who resides in Arkansas, the sale is sourced  
 31 to the residence of the purchaser.

32 (h) This section shall apply to all state and local taxes administered  
 33 by this department.

34  
 35 26-52-522. Direct Mail Sourcing.

36 (a)(1) Notwithstanding § 26-52-521, a purchaser of direct mail that is

1 not a holder of a direct pay permit shall provide to the seller in  
 2 conjunction with the purchase either a direct mail form or information to  
 3 show the state and local jurisdictions to which the direct mail is delivered  
 4 to recipients.

5 (2)(A) Upon receipt of the direct mail form, the seller is  
 6 relieved of all obligations to collect, pay, or remit the applicable tax and  
 7 the purchaser is obligated to pay or remit the applicable tax on a direct pay  
 8 basis.

9 (B) A direct mail form shall remain in effect for all  
 10 future sales of direct mail by the seller to the purchaser until it is  
 11 revoked in writing.

12 (3)(A) Upon receipt of information from the purchaser showing  
 13 the jurisdictions to which the direct mail is delivered to recipients, the  
 14 seller shall collect the tax according to the delivery information provided  
 15 by the purchaser.

16 (B) In the absence of bad faith, the seller is relieved of  
 17 any further obligation to collect tax on any transaction where the seller has  
 18 collected tax pursuant to the delivery information provided by the purchaser.

19 (b)(1) If the purchaser of direct mail does not have a direct pay  
 20 permit and does not provide the seller with either a direct mail form or  
 21 delivery information, as required by subsection (a) of this section, the  
 22 seller shall collect the tax according to § 26-52-521(b)(5).

23 (2) Nothing in this subsection shall limit a purchaser's  
 24 obligation for sales or use tax to any state to which the direct mail is  
 25 delivered.

26 (c) If a purchaser of direct mail provides the seller with  
 27 documentation of direct pay authority, the purchaser shall not be required to  
 28 provide a direct mail form or delivery information to the seller.

29 (d) The direct mail form must:

30 (1) Contain the purchaser's name and sales tax permit number;

31 (2) State that the purchaser will be remitting sales and use tax  
 32 to the state; and

33 (3) Contain any additional information that the director may  
 34 require.

35  
 36 SECTION 12. Arkansas Code § 26-53-102 is amended as follows:

1 26-53-102. Definitions.

2 As used in this subchapter, unless the context otherwise requires:

3 (1)(A) "Sales price" means the consideration paid or given, or  
 4 contracted to be paid or given, by the purchaser to the vendor for taxable  
 5 services or the article of the tangible personal property including any  
 6 services that are a part of the sale valued in money, whether paid in money  
 7 or otherwise, and includes any amount for which credit is given to the  
 8 purchaser by the vendor without any deduction therefrom on account of the  
 9 cost of the property sold, the cost of materials used, labor or service cost,  
 10 interest charged, losses, or any other expenses whatsoever; provided that  
 11 ~~cash~~ discounts, including cash, term, or coupons that are not reimbursed by a  
 12 third party, allowed and taken on sales shall not be included.

13 (B) "Sales price" shall not include:

14 (i) If separately stated, any interest, financing,  
 15 or carrying charges from credit extended on the sale; any taxes legally  
 16 imposed directly on the consumer; or

17 (ii) ~~the~~ The amount charged for property returned by  
 18 customers upon rescission of the contract of sales when the entire amount  
 19 charged therefor is refunded either in cash or credit, or the amount charged  
 20 for labor or services rendered in installing or applying the property sold,  
 21 the use, storage, distribution, or consumption of which is taxable under this  
 22 subchapter.

23 (C) The term shall include, in addition to the  
 24 consideration paid or given or contracted to be paid or given, the amount of  
 25 any tariff or duty paid with respect to the importation of the taxable  
 26 service or article stored, used, distributed, or consumed in this state;

27 (2) "Storage" means and includes any keeping or retention in  
 28 this state of tangible personal property or taxable services purchased from a  
 29 vendor for any purpose, except sale or subsequent use solely outside this  
 30 state;

31 (3)(A) "Use", with respect to tangible personal property, means  
 32 and includes the exercise of any right or power over tangible personal  
 33 property incident to the ownership or control of that property, except that  
 34 it shall not include the sale of that property in the regular course of  
 35 business; and

36 (B) "Use", with respect to a taxable service, means and

1 includes the privilege of using the service, enjoyment of the service, or the  
 2 first act within this state by which the purchaser takes or assumes dominion  
 3 or control over the service or the article of tangible personal property upon  
 4 which the service was performed.

5 (4)(A) "Vendor" means and includes every person engaged in  
 6 making sales of tangible personal property or taxable services by mail order,  
 7 by advertising, by agent; or by peddling tangible personal property or  
 8 taxable services, soliciting, or taking orders for sales of same for storage,  
 9 use, distribution, or consumption in this state; and includes all salesmen,  
 10 solicitors, hawkers, representatives, consignees, peddlers, or canvassers as  
 11 agents of the dealers, distributors, consignors, supervisors, principals, or  
 12 employers under whom they operate or from whom they obtain the tangible  
 13 personal property or taxable services sold by them.

14 (B) Irrespective of whether persons are making sales on  
 15 their own behalf or on behalf of dealers, distributors, consignors,  
 16 supervisors, principals, or employers, they must be regarded as vendors; and  
 17 the dealers, distributors, consignors, supervisors, principals, or employers  
 18 must be regarded as vendors for purposes of this subchapter;

19 (5)(A) "Purchase" means the sale of tangible personal property  
 20 or taxable services by a vendor to a person for the purpose of storage, use,  
 21 distribution, or consumption in this state.

22 (B) Furthermore, for purposes of this subchapter, the term  
 23 "purchase" also includes any withdrawal of tangible person property from a  
 24 stock or reserve maintained outside of the state by any person and  
 25 subsequently brought into this state and thereafter stored, consumed,  
 26 distributed, or used by that person or by any other person, and, in such  
 27 event, the tax shall be computed on the value of the tangible personal  
 28 property at the time it is brought into this state.

29 (C) No tax shall be computed to the extent that a  
 30 withdrawal consists of carbonaceous materials such as petroleum coke or  
 31 carbon anodes which are to be directly used or consumed in the electrolytic  
 32 reduction process of producing tangible personal property for ultimate sale  
 33 at retail.

34 (6)(A) "Sale" means any transfer, barter, or exchange of the  
 35 title or ownership of tangible personal property or taxable services, or the  
 36 right to use, store, distribute, or consume the same for a consideration paid

1 or to be paid, in installments or otherwise, and includes any transaction  
 2 whether called leases, rentals, bailments, loans, conditional sales, or  
 3 otherwise, notwithstanding that the title or possession of said property, or  
 4 both, is retained for security.

5 (B) For the purpose of this subchapter, ~~the place of~~  
 6 ~~delivery of tangible personal property to the purchaser, user, storer,~~  
 7 distributtee, or consumer shall be deemed to be the place of sale, whether  
 8 ~~such delivery is made by the vendor or by common carriers, private~~  
 9 ~~contractors, mails, express, agents, salesmen, solicitors, hawkers,~~  
 10 ~~representatives, consignees, peddlers, canvassers, or otherwise~~ the sale of  
 11 tangible personal property or taxable services shall be sourced according to  
 12 §§ 26-52-521, 26-52-522, and 26-52-523;

13 (7) "Purchaser" means and includes any person who is the  
 14 recipient of any sale of tangible personal property or taxable services for a  
 15 valuable consideration acquired for use, storage, distribution, or  
 16 consumption in this state;

17 (8)(A) "Person" includes any individual, company, partnership,  
 18 limited liability company, joint venture, joint agreement, association,  
 19 mutual or otherwise, corporation, estate, trust, business trust, fiduciary,  
 20 receiver or trustee appointed by any state or federal court or otherwise,  
 21 syndicate, this state, any county, city, municipality, school district, or  
 22 any other political subdivision of the state, or group or combination acting  
 23 as a unit, or any other legal entity.

24 (B) It is the purpose and intent of the General Assembly  
 25 in passing this subsection to provide the same definition for the word  
 26 "person" in this subchapter as that word is defined in the Arkansas Gross  
 27 Receipts Act, § 26-52-101 et seq. and the exclusion of any wording formerly  
 28 appearing in the definition of the word "person" in this subchapter shall by  
 29 no means be construed by the courts, or by administrative officials, as an  
 30 intention of the General Assembly to grant any additional exclusion or  
 31 exemption from the provisions of this subchapter;

32 (9) "Taxpayer" means any person remitting the tax or who should  
 33 remit the tax or should have remitted the tax levied by this subchapter;

34 (10) "Director" means the Director of the Department of Finance  
 35 and Administration;

36 (11)(A) "Tangible personal property" means personal property

1 which may be seen, weighed, measured, felt, touched, or is in any other  
 2 manner perceptible to the senses~~;~~.

3 (B) "Tangible personal property" includes electricity,  
 4 water, gas, steam, and prewritten computer software;

5 (12) "In this state" or "in the state" or "within this state"  
 6 means within the exterior limits of the State of Arkansas and includes all  
 7 territory within those limits owned by or ceded to the United States of  
 8 America~~;~~; and

9 (13) "Taxable service" means a service that is taxable under the  
 10 Arkansas Compensating Tax Act, § 26-53-101 et seq., or the Arkansas Gross  
 11 Receipts Act, § 26-52-101 et seq.

12  
 13 SECTION 13. Arkansas Code § 26-53-106(a), regarding the imposition and  
 14 rate of tax generally, is amended as follows:

15 (a) There is levied and there shall be collected from every person in  
 16 this state a tax or excise for the privilege of storing, using, distributing,  
 17 or consuming within this state any article of tangible personal property or  
 18 taxable service purchased for storage, use, distribution, or consumption in  
 19 this state at the rate of three percent (3%) of the sales price of the  
 20 property.

21  
 22 SECTION 14. Arkansas Code § 26-53-106(c), regarding the imposition and  
 23 rate of tax generally, is amended as follows:

24 (c) This tax shall apply to use, storage, distribution, or consumption  
 25 of every article of tangible personal property or taxable service, except as  
 26 provided in this subchapter, irrespective of whether the article or similar  
 27 articles are manufactured within the State of Arkansas or are available for  
 28 purchase within the State of Arkansas and irrespective of any other  
 29 condition.

30  
 31 SECTION 15. Arkansas Code § 26-53-106(d)(1)(A), regarding the  
 32 imposition and rate of tax generally, is amended as follows:

33 (d)(1)(A) For the purpose of the proper administration of this  
 34 subchapter and to prevent evasion of the tax and the duty to collect the tax  
 35 imposed in this section, it shall be presumed that tangible personal property  
 36 or taxable services sold by any vendor for delivery in this state or

1 transportation to this state is sold for storage, use, distribution, or  
 2 consumption in this state unless the vendor selling the tangible personal  
 3 property or taxable service has taken from the purchaser a resale certificate  
 4 signed by and bearing the name, address, and sales tax permit number of the  
 5 purchaser certifying that the property or taxable service was purchased for  
 6 resale except that sales made electronically will not require the purchaser's  
 7 signature.

8  
 9 SECTION 16. Arkansas Code § 26-53-106(d)(2), regarding the imposition  
 10 and rate of tax generally, is amended as follows:

11 (2) It is further presumed that tangible personal property or  
 12 taxable services shipped, mailed, expressed, transported, or brought to this  
 13 state by the purchaser was purchased from a vendor for storage, use,  
 14 distribution, or consumption in this state.

15  
 16 SECTION 17. Arkansas Code § 26-53-107 is amended as follows:

17 26-53-107. Additional taxes levied.

18 (a) In addition to the excise tax levied upon the privilege of  
 19 storing, using, distributing, or consuming tangible personal property and  
 20 taxable services within this state by the Arkansas Compensating Tax Act, §  
 21 26-53-101 et seq., there is levied an excise tax of one percent (1%) upon all  
 22 tangible personal property and taxable services subject to the tax levied in  
 23 that act, and the tax shall be collected, reported, and paid in the same  
 24 manner and at the same time as is prescribed by law for the collection,  
 25 reporting, and payment of state compensating taxes.

26 (b) In addition to the excise tax levied upon the privilege of  
 27 storing, using, distributing, or consuming tangible personal property and  
 28 taxable services within the state by the Arkansas Compensating Tax Act, § 26-  
 29 53-101 et seq., there is hereby levied an excise tax of one-half of one  
 30 percent (0.5%) upon all tangible personal property and taxable services  
 31 subject to the tax levied in that act, and such tax shall be collected,  
 32 reported, and paid in the same manner and at the same time as is prescribed  
 33 by law for the collection, reporting, and payment of Arkansas compensating  
 34 taxes.

35 (c)(1) Beginning January 1, 2001, there is hereby levied an additional  
 36 excise tax of one-half of one percent (0.5%) upon all tangible personal

1 property and taxable services subject to the tax levied by the Arkansas  
2 Compensating Tax Act of 1949, § 26-53-101 et seq.

3 (2) The tax shall be collected, reported, and paid in the same  
4 manner and at the same time as is prescribed by the Arkansas Compensating Tax  
5 Act of 1949, § 26-53-101 et seq., for the collection, reporting, and payment  
6 of Arkansas compensating taxes.

7  
8 SECTION 18. Arkansas Code § 26-53-111(a), regarding the deduction for  
9 bad debts, is amended as follows:

10 (a)(1) In computing the amount of tax due under the Arkansas  
11 Compensating Tax Act, § 26-53-101 et seq., and any act supplemental thereto,  
12 taxpayers may deduct bad debts from the total amount upon which the tax is  
13 calculated ~~for any report~~ on the return for the period during which the bad  
14 debt is written off as uncollectable in the taxpayer's books and records and  
15 is eligible to be deducted for federal income tax purposes.

16 (2) Any deduction taken or refund paid which is attributed to  
17 bad debts shall not include interest.

18  
19 SECTION 19. Arkansas Code § 26-53-111(b)(1), regarding the deduction  
20 for bad debts, is amended as follows:

21 (b)(1)(A) For purposes of this section, "bad debt" means any portion  
22 of a debt for an amount which a taxpayer has reported as taxable which the  
23 taxpayer legally claims as a bad debt deduction for federal income tax  
24 purposes.

25 (B) A taxpayer who is not required to file federal income  
26 tax returns may deduct a bad debt on a return filed for the period in which  
27 the bad debt is written off as uncollectable in the taxpayer's books and  
28 records and would be eligible for a bad debt deduction for federal income tax  
29 purposes if the taxpayer was required to file a federal income tax return.

30  
31 SECTION 20. Arkansas Code § 26-53-111(e), regarding the deduction for  
32 bad debts, is amended as follows:

33 (e) If a deduction is taken for a bad debt and the taxpayer  
34 subsequently collects the debt in whole or in part, then the tax on the  
35 amount so collected shall be paid and reported on the ~~next return due after~~  
36 ~~the collection~~ return filed for the period in which the collection is made.

1  
 2 SECTION 21. Arkansas Code § 26-53-111, regarding the deduction for bad  
 3 debts, is amended to add an additional subsection to read as follows:

4 (f)(1) When the filing responsibilities have been assumed by a  
 5 certified service provider, as provided in the Uniform Sales and Use Tax  
 6 Administration Act, § 26-20-101, et seq., the service provider will be  
 7 allowed to claim, on behalf of the taxpayer, any bad debt allowance provided  
 8 by this section.

9 (2) The certified service provider must credit or refund the  
 10 full amount of any bad debt allowance or refund received to the taxpayer.

11  
 12 SECTION 22. Arkansas Code § 26-53-112 is amended as follows:

13 26-53-112. Exemptions generally.

14 There is specifically exempted from the taxes levied in this  
 15 subchapter:

16 (1) Property or services, the storage, use, distribution, or  
 17 consumption of which this state is prohibited from taxing under the  
 18 Constitution or laws of the United States of America or of this state;

19 (2) Sales of tangible personal property or services on which the  
 20 tax under the Arkansas Gross Receipts Act, § 26-52-101 et seq., is levied,  
 21 and any tangible personal property or services specifically exempted from  
 22 taxation by the Arkansas Gross Receipts Act, § 26-52-101 et seq., and  
 23 legislation enacted subsequent thereto.

24  
 25 SECTION 23. Arkansas Code § 26-53-121(a), regarding registration of  
 26 vendors, is amended as follows:

27 (a) Every vendor selling tangible personal property or taxable  
 28 services for storage, use, distribution, or consumption in this state shall  
 29 register with the director and give the names and addresses of all agents  
 30 operating in this state, the location of any and all distribution or sales  
 31 houses or offices of other places of business in this state, and such other  
 32 information as the director may require.

33  
 34 SECTION 24. Arkansas Code § 26-53-122 is amended as follows:

35 26-53-122. Agents furnished statements of compliance.

36 Every vendor selling tangible personal property or taxable services for

1 storage, use, distribution, or consumption in this state shall furnish all  
 2 agents with a statement to the effect that his or her principal has been and  
 3 is complying with the provisions of this subchapter.

4  
 5 SECTION 25. Arkansas Code § 26-53-123 is amended as follows:

6 26-53-123. Liability for tax.

7 (a) Every person storing, using, distributing, or consuming in this  
 8 state tangible personal property or taxable services purchased from a vendor  
 9 shall be liable for the tax imposed by this subchapter, and the liability  
 10 shall not be extinguished until the tax has been paid to this state.

11 (b) However, a receipt, from a vendor authorized by the director under  
 12 such rules and regulations as he or she may prescribe to collect the tax  
 13 imposed, given to the purchaser in accordance with the provisions of §§ 26-  
 14 53-121 and 26-53-122, shall be sufficient to relieve the purchaser from  
 15 further liability for the tax to which the receipt may refer.

16  
 17 SECTION 26. Arkansas Code § 26-53-124(a), regarding collection of tax  
 18 by vendors, is amended as follows:

19 (a)(1)(A) Every vendor making a sale of tangible personal property or  
 20 taxable services directly or indirectly for the purpose of storage, use,  
 21 distribution, or consumption in this state shall collect the tax from the  
 22 purchaser and give a receipt therefor.

23 (B) This provision includes all out-of-state vendors who  
 24 deliver merchandise and taxable services into Arkansas in their own  
 25 conveyance where such merchandise or services will be stored, used,  
 26 distributed, or consumed within this state.

27 (C) The sale of tangible personal property or taxable  
 28 services will be sourced according to §§ 26-52-521, 26-52-522, and 26-52-523.

29 (2) The required amount of the tax collected by the vendor from  
 30 the purchaser shall be displayed separately upon the check, sales slip, bill,  
 31 receipt, or other evidence of sale.

32  
 33 SECTION 27. Arkansas Code § 26-53-125(a)(2), regarding the return and  
 34 payment of tax, is amended as follows:

35 (2) Every vendor selling tangible personal property or taxable  
 36 services for storage, use, distribution, or consumption in this state shall

1 on or before the twentieth day of each month file with the director a return  
 2 for the preceding monthly period in such form as may be prescribed by the  
 3 director, showing the total combined sales price of all tangible personal  
 4 property or taxable services sold by the vendor during the preceding monthly  
 5 period, the storage, use, distribution, or consumption of which is subject to  
 6 the tax levied by this subchapter, and such other information as the director  
 7 may deem necessary for the proper administration of this subchapter.

8  
 9 SECTION 28. Arkansas Code § 26-53-125(a)(4), regarding the return and  
 10 payment of tax, is amended as follows:

11 (4)(A) Returns shall be signed by the vendor or his or her duly  
 12 authorized agent but need not be verified by oath.

13 (B) Returns filed electronically will not need to be  
 14 signed.

15  
 16 SECTION 29. Arkansas Code § 26-53-125(b), regarding the return and  
 17 payment of tax, is amended as follows:

18 (b)(1) Every person purchasing tangible personal property or services,  
 19 the storage, use, distribution, or consumption of which is subject to the tax  
 20 levied by this subchapter, and who has not paid the tax due with respect  
 21 thereto to a vendor, registered in accordance with the provisions of §§ 26-  
 22 53-121 and 26-53-122, shall on or before the twentieth day of each month file  
 23 with the director a return for the preceding monthly period in such form as  
 24 may be prescribed by the director showing the total sales price of the  
 25 tangible personal property or taxable services purchased during such  
 26 preceding monthly period and such other information as the director may deem  
 27 necessary for the proper administration of this subchapter.

28 (2) The return shall be accompanied by a remittance of the  
 29 amount of the tax herein required to be paid by the person purchasing the  
 30 tangible personal property or taxable services during the period covered by  
 31 the return.

32 (3)(A) Returns shall be signed by the person liable for the tax  
 33 or his or her authorized agent but need not be verified by oath.

34 (B) Returns filed electronically will not need to be  
 35 signed.

36

1 SECTION 30. Arkansas Code § 26-53-125, regarding the return and  
 2 payment of tax, to add additional subsections to read as follows:

3 (c) Vendors that do not have a legal requirement to register under the  
 4 Arkansas Gross Receipts Act, § 26-52-101 et seq., or the Arkansas  
 5 Compensating Tax Act, § 26-53-101 et seq., and are not using a certified  
 6 service provider or a certified automated system, as defined under the  
 7 Uniform Sales and Use Tax Administration Act, § 26-20-101, et seq., shall  
 8 submit sales and use tax returns as follows:

9 (1) Upon registration, the director shall provide the vendor the  
 10 required Arkansas returns;

11 (2) The vendor shall file a return anytime within one (1) year  
 12 of the month of initial registration, and future returns may be required on  
 13 an annual basis in succeeding years; and

14 (3) In addition to the returns required in subsection (c)(2),  
 15 the vendor may be required to submit returns in the month following any month  
 16 in which they have accumulated state and local tax funds in the total amount  
 17 of one thousand dollars (\$1,000) or more.

18 (d) Any report or remittance required under this section, the due date  
 19 of which falls on a Saturday, Sunday, or legal holiday, the report or  
 20 remittance shall be postmarked or transmitted on the next succeeding business  
 21 day which is not a Saturday, Sunday, or legal holiday.

22  
 23 SECTION 31. Arkansas Code § 26-53-131(a), regarding credit for tax  
 24 paid in another state, is amended as follows:

25 (a)(1)(A) The provisions of the Arkansas Compensating Tax Act, § 26-  
 26 53-101 et seq., shall not apply to any tangible personal property or taxable  
 27 services used, consumed, distributed, or stored in this state upon which a  
 28 like tax, equal to or greater than the tax imposed by the Arkansas  
 29 Compensating Tax Act, has been paid in another state. Proof of payment of  
 30 such tax shall be made according to the rules and regulations promulgated by  
 31 the Director of the Department of Finance and Administration.

32 (B) If the amount of tax paid in another state is less  
 33 than the amount of Arkansas compensating tax imposed on the property or  
 34 services by § 26-53-101 et seq., then the taxpayer shall pay to the director  
 35 an amount of Arkansas compensating tax sufficient to make the combined amount  
 36 of tax paid in the other state and this state equal to the total amount of

1 Arkansas compensating tax which would be due if no tax had been paid to any  
 2 other state on the property or services.

3 (2) No credit shall be given under this section for taxes paid  
 4 on such property or services in another state if that state does not grant  
 5 credit for taxes paid on similar tangible personal property or services in  
 6 this state.

7

8 SECTION 32. Arkansas Code § 26-53-301 is amended as follows:

9 26-53-301. Authorization to enter.

10 (a) The Director of the Department of Finance and Administration, when  
 11 in his or her judgment it is necessary in order to secure the collection of  
 12 any tax, penalties, or interests due or to become due under this subchapter,  
 13 is authorized to negotiate agreements with the tax departments of other  
 14 states in respect to the collecting, reporting, payment, and enforcement of  
 15 tax on sales of tangible personal property or taxable services to residents  
 16 of Arkansas by a retailer maintaining a place of business in the other state.

17 (b) In consideration of such an agreement, the director is authorized  
 18 to make similar agreements for the collecting, reporting, payment, and  
 19 enforcement of tax as imposed by the other states on sales of tangible  
 20 personal property or taxable services to residents of other states by  
 21 retailers maintaining a place of business in Arkansas.

22

23 SECTION 33. Arkansas Code § 26-74-209(d), regarding effective date of  
 24 rate change, is amended as follows:

25 (d)(1) The county court shall notify the director of the countywide  
 26 tax after publication of the proclamation has occurred and ninety (90) days  
 27 before the effective date of the tax.

28 ~~(d)(2)~~ (2) If no election challenge is timely filed, the countywide  
 29 tax shall be levied, effective on the first day of the first month of the  
 30 calendar quarter after a minimum of sixty (60) days' notice by the director  
 31 to sellers and subsequent to after the expiration of the thirty-day challenge  
 32 period, on the gross receipts from the sale at retail within the county of  
 33 all items and services which are subject to the Arkansas Gross Receipts Act  
 34 of 1941, § 26-52-101 et seq., and, in every county where the local sales and  
 35 use tax has been adopted pursuant to the provisions of this subchapter, there  
 36 is imposed an excise tax on the storage, use, distribution, or consumption

1 within the county of tangible personal property or services purchased,  
 2 leased, or rented from any retailer outside the state after the effective  
 3 date of the sales and use tax for storage, use, distribution, or other  
 4 consumption in the county at the same rate on the sale price of the property  
 5 or, in the case of leases or rentals, on the lease or rental price, the rate  
 6 of the use tax to correspond to the rate of the sales tax portion of the tax.

7 (3) The use tax portion of the local sales and use tax shall be  
 8 collected according to the terms of the Arkansas Compensating Tax Act of  
 9 1949, § 26-53-101 et seq.

10  
 11 SECTION 34. Arkansas Code § 26-74-211 is amended as follows:

12 26-74-211. Notification of results.

13 (a) Within ten (10) days after the certification of the votes of any  
 14 election resulting in the adoption or abolition of a tax levied pursuant to  
 15 this subchapter, and ninety (90) days before its effective date, the county  
 16 court shall notify the director of such results and furnish the director with  
 17 a map clearly indicating the boundaries of the county and the boundaries of  
 18 each incorporated area within the county.

19 (b) Rate changes will be effective only on the first day of a calendar  
 20 quarter after a minimum of sixty (60) days' notice by the director to  
 21 sellers.

22 (c) Rate changes on purchases from printed catalogs in which the  
 23 purchaser computed the tax based upon local tax rates published in the  
 24 catalog will be applicable on the first day of a calendar quarter after a  
 25 minimum of one hundred twenty (120) days' notice by the director to the  
 26 sellers.

27 (d) For sales and use tax purposes only, local boundary changes will  
 28 only become effective on the first day of a calendar quarter after a minimum  
 29 of sixty (60) days' notice by the director to sellers.

30  
 31 SECTION 35. Arkansas Code § 26-74-212 is amended as follows:

32 26-74-212. Applicability of tax.

33 (a)~~(1)~~ A county sales tax levied pursuant to the authority granted in  
 34 under this subchapter or in § 26-74-301 et seq. shall be applicable to sales  
 35 of items and services sold by a business ~~located in the levying county to a~~  
 36 ~~resident or nonresident of the levying county but shall not be applicable to~~

1 ~~the sale of motor vehicles to nonresidents of the county; provided, however,~~  
 2 ~~the tax shall not be applicable to the sale of items and services sold to a~~  
 3 ~~nonresident of the levying county if the sale is made for delivery to an~~  
 4 ~~address which is in a city or county that does not impose a city or county~~  
 5 ~~sales tax, and the sale is of an item that is primarily sold through meter~~  
 6 ~~and by route delivery, if the sale is documented by a sales invoice~~  
 7 ~~indicating that the sale was made for delivery, and that delivery was~~  
 8 ~~actually made to the person at the place noted thereon located outside a~~  
 9 ~~county or city in which a sales tax is levied and the tax shall be~~  
 10 ~~administered under the Arkansas Gross Receipts Act of 1941, § 26-52-101, et~~  
 11 ~~seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101, et seq.~~

12 ~~(2) When a motor vehicle is sold to a person who resides in~~  
 13 ~~Arkansas but outside the county where the sale was made, and the city and/or~~  
 14 ~~county of residence of the purchaser levies a sales and use tax, a use tax~~  
 15 ~~shall be collected at the rate levied in the city and/or county of residence~~  
 16 ~~of the purchaser, and in that event the tax shall be transmitted to the city~~  
 17 ~~and/or county of residence.~~

18 ~~(b) The tax shall not be applicable to the sale of the following~~  
 19 ~~items, if the sale is made to a nonresident of the levying county and the~~  
 20 ~~sales invoice indicates that the sale was made for delivery to, and delivery~~  
 21 ~~was actually made to, an address which is located in a city or county that~~  
 22 ~~does not impose a city or county sales tax:~~

- 23 ~~(1) Aviation fuel;~~
- 24 ~~(2) Distillate special fuel used for agricultural purposes;~~
- 25 ~~(3) Agricultural machinery, parts, repairs, and supplies~~
- 26 ~~therefor;~~
- 27 ~~(4) Water wells and water well supplies;~~
- 28 ~~(5) Agricultural feed, seed, and fertilizer; and~~
- 29 ~~(6) Agricultural chemicals.~~

30 ~~(e)(b) When a direct pay permit holder purchases tangible personal~~  
 31 ~~property or taxable services either from an Arkansas or out of state vendor~~  
 32 ~~for use, storage, consumption or distribution in Arkansas, the permit holder~~  
 33 ~~shall accrue and remit the county sales or use tax, if any, of the county~~  
 34 ~~where the property or services is are first used, stored, consumed, or~~  
 35 ~~distributed. When a direct pay permit holder purchases taxable services, the~~  
 36 ~~permit holder shall accrue and remit the sales tax, if any, of the county~~

1 ~~where the services are performed.~~

2  
 3 SECTION 36. Arkansas Code § 26-74-213 is amended as follows:  
 4 26-74-213. Rebates.

5 (a) A county shall provide in its ordinance authorized by this  
 6 subchapter a rebate from the county for taxes collected pursuant to this  
 7 subchapter in excess of the tax on the first two thousand five hundred  
 8 dollars (\$2,500) of gross receipts, gross proceeds, or sales price ~~from a~~  
 9 single transaction on the sale of motor vehicles, aircraft, watercraft,  
 10 modular homes, manufactured homes, or mobile homes.

11 (b)(1) Where a rebate would be due pursuant to the provisions of this  
 12 subchapter as a result of the purchase of a new or used motor vehicle and  
 13 where the tax thereon is collected directly from the purchaser pursuant to  
 14 the provisions of § 26-52-510, then the director shall collect only the  
 15 amount of tax due less the amount to which the purchaser would be entitled  
 16 under the rebate provisions of this subchapter.

17 (2) Where the rebate is credited against tax paid as set out in  
 18 this subsection, then no other rebate of the tax shall be given.

19 (c) In counties which prior to December 1, 1981, have adopted a county  
 20 sales tax pursuant to § 26-74-301 et seq., the quorum court may, by  
 21 ordinance, provide for a rebate of any county sales and use taxes collected  
 22 in excess of a specified amount ~~on any single transaction~~ on the sale of  
 23 motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or  
 24 mobile homes.

25  
 26 SECTION 37. Arkansas Code § 26-74-220 is amended as follows:  
 27 26-74-220. Maximum tax limitation.

28 (a)~~(1)~~ Any county general sales or use tax levied pursuant to this  
 29 subchapter shall be levied and collected only on the first two thousand five  
 30 hundred dollars (\$2,500) of gross receipts, gross proceeds, or sales price  
 31 ~~from a single transaction,~~ on the sale of motor vehicles, aircraft,  
 32 watercraft, modular homes, manufactured homes, or mobile homes, and vendors  
 33 shall be responsible for collecting and remitting the tax only on the first  
 34 two thousand five hundred dollars (\$2,500) of gross receipts, gross proceeds,  
 35 or sales price ~~from a single transaction~~ on the sale of motor vehicles,  
 36 aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

1           ~~(2)(A)(b)(1)~~ Each vendor who is liable for one (1) or more  
 2 county sales or use taxes shall report a combined county sales tax and a  
 3 combined county use tax on his or her sales and use tax report.

4           ~~(B)(2)~~ The combined county sales tax is equal to the sum  
 5 of all sales taxes levied by a county under this subchapter or any other  
 6 provision of the Arkansas Code.

7           ~~(C)(3)~~ The combined county use tax is equal to the sum of  
 8 all use taxes levied by a county under this subchapter or any other provision  
 9 of the Arkansas Code.

10           ~~(3)(c)~~ This provision applies only to taxes collected by the  
 11 Director of the Department of Finance and Administration.

12           ~~(b)(1)~~ The term "single transaction", as used in this section and §§  
 13 ~~26-75-207—26-75-212~~, shall be defined by ordinance of the county levying  
 14 the tax.

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

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

26           ~~(3)~~ Effective January 1, 1998, the most recent definition of  
 27 "single transaction" adopted prior to January 1, 1998, shall apply to and  
 28 amend all previous local sales and use tax ordinances.

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

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

35           SECTION 38. Arkansas Code § 26-74-309(d), regarding effective date of  
 36 rate change, is amended as follows:

1           (d)(1) The county court shall notify the director of the countywide  
 2 tax after publication of the proclamation has occurred and ninety (90) days  
 3 before the effective date of the tax.

4           (2) If no election challenge is timely filed, the countywide tax  
 5 shall be levied, effective on the first day of the first month of the  
 6 calendar quarter after a minimum of sixty (60) days' notice by the director  
 7 to sellers and subsequent to after the expiration of the thirty-day challenge  
 8 period, on the gross receipts from the sale at retail within the county of  
 9 all items and services which are subject to the Arkansas Gross Receipts Act  
 10 of 1941, § 26-52-101 et seq., and the Compensating Tax Act of 1949, § 26-53-  
 11 101 et seq.

12  
 13           SECTION 39. Arkansas Code § 26-74-311 is amended as follows:

14           26-74-311. Notification of results.

15           (a) Within ten (10) days after the certification of the votes of any  
 16 election resulting in the adoption or abolition of a tax levied pursuant to  
 17 this subchapter, and ninety (90) days before the effective date, the county  
 18 court shall notify the director of the results and furnish the director with  
 19 a map clearly indicating the boundaries of the county and the boundaries of  
 20 each incorporated area within the county.

21           (b) Rate changes will become effective only on the first day of a  
 22 calendar quarter after a minimum of sixty (60) days' notice by the director  
 23 to sellers.

24           (c) Rate changes on purchases from printed catalogs in which the  
 25 purchaser computed the tax based upon local tax rates published in the  
 26 catalog will be applicable beginning on the first day of a calendar quarter  
 27 after a minimum of one hundred twenty (120) days' notice by the director to  
 28 the sellers.

29           (d) For sales and use tax purposes only, local boundary changes will  
 30 only become effective on the first day of a calendar quarter after a minimum  
 31 of sixty (60) days' notice by the director to sellers.

32  
 33           SECTION 40. Arkansas Code § 26-74-312(b) is amended as follows:

34           (b) The director shall collect, in addition to the state gross  
 35 receipts tax, an additional tax under the authority of this subchapter on the  
 36 gross receipts from the sale ~~at retail within the county~~ of all items and

1 services which are subject to the Arkansas Gross Receipts Act, § 26-52-101 et  
2 seq., and the Arkansas Compensating Use Tax Act, § 26-53-101 et seq.

3  
4 SECTION 41. Arkansas Code § 26-74-404(d), regarding the effective date  
5 for rate changes, is amended as follows:

6 (d)(1) The county court shall notify the director of the tax after  
7 publication of the proclamation has occurred and ninety (90) days before the  
8 effective date of the tax.

9 (2) If no election challenge is timely filed, there shall be  
10 levied, effective on the first day of the first month of the calendar quarter  
11 after a minimum of sixty (60) days' notice by the director to sellers and  
12 subsequent to after the expiration of the thirty-day challenge period, a one-  
13 half percent (0.5%) tax on the gross receipts from the sale at retail within  
14 the county of all items which are subject to the Arkansas Gross Receipts Act  
15 of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949,  
16 and, in every county where the local sales and use tax has been adopted  
17 pursuant to the provisions of this subchapter, there is imposed an excise tax  
18 on the storage, use, distribution, or consumption within the county of  
19 tangible personal property and services purchased, leased, or rented from any  
20 retailer outside the state after the effective date of the sales and use tax  
21 for storage, use, distribution, or other consumption in the county at a rate  
22 of one-half percent (0.5%) of the sale price of the property and services or,  
23 in the case of leases or rentals, of the lease or rental price, the rate of  
24 the use tax to correspond to the rate of the sales tax portion of the tax.

25 (3) The use tax portion of the local sales and use tax shall be  
26 collected according to the terms of the Arkansas Compensating Tax Act of  
27 1949, § 26-53-101 et seq.

28  
29 SECTION 42. Arkansas Code § 26-74-406 is amended as follows:

30 26-74-406. Notification of results.

31 (a) Within ten (10) days after the certification of the votes of any  
32 election resulting in the adoption of a tax levied pursuant to this  
33 subchapter, and ninety (90) days prior to the effective date of the rate  
34 change, the county court shall notify the director of such results.

35 (b) Rate changes will become effective only on the first day of a  
36 calendar quarter after a minimum of sixty (60) days' notice by the director

1 to sellers.

2 (c) Rate changes on purchases from printed catalogs in which the  
3 purchaser computed the tax based upon local tax rates published in the  
4 catalog will be applicable beginning on the first day of a calendar quarter  
5 after a minimum of one hundred twenty (120) days' notice by the director to  
6 the sellers.

7 (d) For sales and use tax purposes only, local boundary changes will  
8 only become effective on the first day of a calendar quarter after a minimum  
9 of sixty (60) days' notice by the director to sellers.

10

11 SECTION 43. Arkansas Code § 26-74-407 is amended as follows:

12 26-74-407. Applicability of tax.

13 ~~(a)~~ A county sales tax levied pursuant to the authority granted in  
14 this subchapter or in § 26-74-301 et seq. shall be applicable to sales of  
15 items and services sold by a business ~~located in the levying county to a~~  
16 ~~resident or nonresident of the levying county~~ and shall be administered under  
17 the Arkansas Gross Receipts Act of 1941, Arkansas Code § 26-52-101, et seq.,  
18 and the Arkansas Compensating Tax Act of 1949, Arkansas Code § 26-53-101, et  
19 seq.

20 ~~(b) This sales tax shall not be applicable to sales of items or~~  
21 ~~services by a business located in a county which levies no county sales tax,~~  
22 ~~regardless of the place of residence of the purchaser.~~

23

24 SECTION 44. Arkansas Code § 26-74-408(a), regarding rebates, is  
25 amended as follows:

26 (a) A county shall provide in its ordinance authorized by this  
27 subchapter a rebate from the county for taxes collected pursuant to this  
28 subchapter in excess of ~~twenty five dollars (\$25.00) paid to the county on a~~  
29 ~~single transaction~~ two thousand five hundred dollars (\$2,500) of the gross  
30 receipts, gross proceeds, or sales price on the sale of motor vehicles,  
31 aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

32

33 SECTION 45. Arkansas Code § 26-74-412 is amended as follows:

34 26-74-412. Maximum tax limitation.

35 (a)(1) Any county general sales or use tax levied pursuant to this  
36 subchapter shall be levied and collected only ~~to a maximum tax of twenty five~~

1 ~~dollars (\$25.00) on each single transaction, on the first two thousand five~~  
 2 ~~hundred dollars (\$2,500) of gross receipts, gross proceeds, or sales price on~~  
 3 ~~the sale of motor vehicles, aircraft, watercraft, modular homes, manufactured~~  
 4 ~~homes, or mobile homes, and vendors shall be responsible for collecting and~~  
 5 ~~remitting the tax only to the maximum of twenty five dollars (\$25.00) for~~  
 6 ~~each single transaction on the first two thousand five hundred dollars~~  
 7 ~~(\$2,500) of gross receipts, gross proceeds, or sales price on the sale of~~  
 8 ~~motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or~~  
 9 ~~mobile homes.~~

10 (2) Vendors collecting, reporting, and remitting the county  
 11 sales or use taxes shall show county sales taxes as a separate entry on the  
 12 tax report form filed with the director.

13 (b)(1) ~~The term "single transaction", as used in this section and §§~~  
 14 ~~26-75-207—26-75-212, shall be defined by ordinance of the county levying~~  
 15 ~~the tax.~~

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

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

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

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

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

35 ~~(e) (b)(1)~~ In the case of any taxpayer not subject to the levy of a  
 36 use tax on tangible personal property or taxable services brought into the

1 State of Arkansas for storage until such property is subsequently initially  
2 used in the State of Arkansas, a county use tax shall be computed on each  
3 purchase of such property and services by the taxpayer as if all such  
4 property was subject upon purchase to the county use tax up to ~~a maximum of~~  
5 ~~twenty five dollars (\$25.00) per single transaction~~ the first two thousand  
6 five hundred dollars (\$2,500) of gross receipts, gross proceeds, or sales  
7 price on the sale of motor vehicles, aircraft, watercraft, modular homes,  
8 manufactured homes, or mobile homes.

9 (2) The taxes so computed shall be aggregated on a monthly  
10 basis, and the aggregate monthly amount shall be divided by the sum of the  
11 total purchases of such property on which the taxes are computed, and the  
12 quotient shall be multiplied by the amount of the taxpayer's property  
13 subsequently initially used and subject to levy of a use tax within the  
14 county during the month for which the monthly aggregate tax figure was  
15 computed, and the product shall be the amount of county use tax liability for  
16 the taxpayer for the month computed.

17  
18 SECTION 46. Arkansas Code § 26-75-207(c), regarding the levying of a  
19 tax, is amended as follows:

20 (c) The sales tax portion of any local sales and use tax adopted under  
21 this subchapter shall be levied by the governing body on the receipts from  
22 the sale at retail ~~within the city~~ of all items and services which are  
23 subject to taxation under the Arkansas Gross Receipts Act, § 26-52-101 et  
24 seq., and the Compensating Use Tax Act, § 26-53-101 et seq.

25  
26 SECTION 47. Arkansas Code § 26-75-209(1)(D), regarding the effective  
27 date of ordinance, is amended as follows:

28 (D)(i) The mayor of the city shall notify the director of  
29 the rate change after publication of the proclamation has occurred and ninety  
30 (90) days before the effective date of the tax.

31 (ii) If no election challenge is filed within ~~this~~  
32 ~~period~~ the thirty (30) day challenge period, the ordinance shall become  
33 effective on the first day of the first month of the calendar quarter after a  
34 minimum of sixty (60) days' notice by the director to sellers and subsequent  
35 ~~to~~ after the expiration of the full thirty-day period of challenge, ~~and.~~

1 SECTION 48. Arkansas Code § 26-75-209(1), regarding the effective date  
 2 of ordinance, is amended to add an additional subdivision to read as follows:

3 (E) The rate change shall become applicable on the first  
 4 day of a quarter after one hundred twenty (120) days' notice by the director  
 5 to sellers on purchases from printed catalogs in which the purchaser computed  
 6 the tax based upon local tax rates published in the catalog; and

7  
 8 SECTION 49. Arkansas Code § 26-75-211(b), regarding the effective date  
 9 of a boundary change, is amended as follows:

10 (b)(1) If any such city in which a local sales and use tax has been  
 11 imposed in the manner provided for in this subchapter shall thereafter change  
 12 or alter its boundaries, the city clerk of the city shall forward to the  
 13 director, at least ninety (90) days before the effective date, a certified  
 14 copy of the ordinance adding or detaching territory from the city, which  
 15 shall be accompanied by a map clearly showing the territory added thereto or  
 16 detached therefrom.

17 (2) After receipt of the ordinance and map, the tax imposed  
 18 under this subchapter shall be effective in the added territory or abolished  
 19 in the detached territory on the first day of the first month of the calendar  
 20 quarter following the expiration of ~~thirty (30) days from the date that the~~  
 21 ~~annexation or detachment becomes effective~~ sixty (60) days notice by the  
 22 director to sellers.

23  
 24 SECTION 50. Arkansas Code § 26-75-212(a), regarding collection of tax,  
 25 is amended as follows:

26 (a)(1)(A) In each city where a local sales and use tax has been  
 27 imposed in the manner provided by this subchapter, every retailer shall add  
 28 the tax imposed by the Arkansas Gross Receipts Act, § 26-52-101 et seq., and  
 29 the Arkansas Compensating Tax Act, § 26-53-101 et seq., and the tax imposed  
 30 by this subchapter to his or her sale price, and when added, the combined tax  
 31 shall:

- 32 ~~(A)(i)~~ (i) Constitute a part of the price;
- 33 ~~(B)(ii)~~ (ii) Be a debt of the purchaser to the retailer until  
 34 paid; and
- 35 ~~(C)(iii)~~ (iii) Be recoverable at law in the same manner as the  
 36 purchase price.

1           (B) When the sale price in the city shall involve a  
2 fraction of a dollar, the two (2) combined taxes shall be added to the sale  
3 price ~~according to a schedule and bracket system formula established by the~~  
4 ~~director.~~

5           (C) A retailer shall be entitled to the same discount with  
6 respect to tax remitted under this subchapter as is authorized for the  
7 collection and remission of gross receipts taxes to the State of Arkansas as  
8 authorized in § 26-52-503.

9           (2)(A) Any fraction of one cent (1¢) of tax which is less than  
10 one-half of one cent (1/2 of 1¢) shall not be collected.

11           (B) Any fraction of one cent (1¢) of tax equal to one-half  
12 of one cent (1/2 of 1¢) or more shall be collected as a whole cent (1¢) of  
13 tax.

14           (3) In the event the General Assembly, or the electors of the  
15 state, shall either increase or decrease the rate of the state gross receipts  
16 tax, the combined rate of the state gross receipts tax and the local sales  
17 tax shall be the sum of the two (2) rates. ~~In this event, the director may~~  
18 ~~publish a schedule of the taxes due with reference to sales involving a~~  
19 ~~fraction of one dollar (\$1.00).~~

20  
21           SECTION 51. Arkansas Code § 26-75-214(b), regarding the collection of  
22 tax, is amended as follows:

23           (b) The director shall collect, in addition to the state gross  
24 receipts tax and compensating tax, an additional tax under the authority of  
25 this subchapter on the receipts from the sale at retail or on the sale price  
26 or lease or rental price on the storage, use, distribution, or other  
27 consumption of all taxable items ~~within the city which property is and~~  
28 services subject to the Arkansas Gross Receipts Act, § 26-52-101 et seq. and  
29 Arkansas Compensating Tax Act, § 26-53-101 et seq.

30  
31           SECTION 52. Arkansas Code § 26-75-216 is amended as follows:

32           26-75-216. Applicability of tax.

33           (a)~~(1)~~ A city sales tax levied pursuant to the authority granted in  
34 this subchapter or in § 26-75-301 et seq. shall be applicable to sales of  
35 items and services sold by a business ~~located in a levying city to a resident~~  
36 ~~or nonresident of the levying city but shall not be applicable to motor~~

1 ~~vehicles sold to nonresidents of the levying city; provided, however, the tax~~  
 2 ~~shall not be applicable to the sale of items and services sold to a~~  
 3 ~~nonresident of the levying city if the sale is made for delivery to an~~  
 4 ~~address which is in a city or county that does not impose a city or county~~  
 5 ~~sales tax, and the sale is of an item that is primarily sold through meter~~  
 6 ~~and by route delivery, if such sale is documented by a sales invoice~~  
 7 ~~indicating that the sale was made for delivery and that delivery was actually~~  
 8 ~~made to the person at the place noted thereon located outside a city or~~  
 9 ~~county in which a sales tax is levied and shall be administered in accordance~~  
 10 ~~with the Arkansas Gross Receipts Tax Act of 1941, § 26-52-101, et seq., and~~  
 11 ~~the Arkansas Compensating Tax Act of 1949, § 26-53-101.~~

12 ~~(2) When a motor vehicle is sold to a person who resides in~~  
 13 ~~Arkansas but outside the city where the sale was made, and the city or county~~  
 14 ~~of residence of the purchaser levies a sales and use tax, a use tax shall be~~  
 15 ~~collected at the rate levied in the city or county of residence of the~~  
 16 ~~purchaser and in that event the tax shall be transmitted to the city or~~  
 17 ~~county of residence.~~

18 ~~(b) The tax shall not be applicable to the sale of the following~~  
 19 ~~items, if the sale is made to a nonresident of the levying city and the sales~~  
 20 ~~invoice indicates that the sale was made for delivery to, and delivery was~~  
 21 ~~actually made to, an address which is located in a city or county that does~~  
 22 ~~not impose a city or county sales tax:~~

- 23 ~~(1) Aviation fuel;~~
- 24 ~~(2) Distillate special fuel used for agricultural purposes;~~
- 25 ~~(3) Agricultural machinery, parts, repairs and supplies~~  
 26 ~~therefor;~~
- 27 ~~(4) Water wells and water well supplies;~~
- 28 ~~(5) Agricultural feed, seed, and fertilizer; and~~
- 29 ~~(6) Agricultural chemicals.~~

30 ~~(e)(b) When a direct pay permit holder purchases tangible personal~~  
 31 ~~property or taxable services either from an Arkansas or out of state vendor~~  
 32 ~~for use, storage, consumption or distribution in Arkansas, the permit holder~~  
 33 ~~shall accrue and remit the city sales and use tax, if any, of the city where~~  
 34 ~~the property or services ~~is~~ are first used, stored, consumed, or distributed.~~  
 35 ~~When a direct pay permit holder purchases taxable services, the permit holder~~  
 36 ~~shall accrue and remit the sales tax, if any, of the city where the services~~

1 ~~are performed.~~

2

3 SECTION 53. Arkansas Code § 26-75-222 is amended as follows:

4 26-75-222. Maximum tax limitation.

5 (a)~~(1)~~ Any municipal general sales or use tax levied pursuant to this  
 6 subchapter shall be levied and collected only on the first two thousand five  
 7 hundred dollars (\$2,500) of gross receipts, gross proceeds, or sales price  
 8 from ~~each single transaction,~~ the sale of motor vehicles, aircraft,  
 9 watercraft, modular homes, manufactured homes, or mobile homes, and vendors  
 10 shall be responsible for collecting and remitting the tax only on the first  
 11 two thousand five hundred dollars (\$2,500) of gross receipts, gross proceeds,  
 12 or sales price from ~~each single transaction~~ the sale of motor vehicles,  
 13 aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

14 ~~(2)(A)(b)(1)~~ Each vendor who is liable for one (1) or more city  
 15 sales or use taxes shall report a combined city sales tax and a combined city  
 16 use tax on his or her sales and use tax report.

17 ~~(B)(2)~~ The combined city sales tax is equal to the sum of  
 18 all sales taxes levied by a city under this subchapter or any other provision  
 19 of the Arkansas Code.

20 ~~(C)(3)~~ The combined city use tax is equal to the sum of  
 21 all use taxes levied by a city under this subchapter or any other provision  
 22 of the Arkansas Code.

23 ~~(3)(c)~~ This provision applies only to taxes collected by the  
 24 Director of the Department of Finance and Administration.

25 ~~(b)(1)(A)~~ The term "single transaction", as used in this section and  
 26 §§ 26-75-207—26-75-212, shall be defined by ordinance of the municipality  
 27 levying the tax.

28 ~~(B)(i)~~ Every city ordinance adopted after January 1, 1998,  
 29 which calls for an election to levy a local sales and use tax authorized by  
 30 this subchapter or any other provision of the Arkansas Code shall contain a  
 31 definition of the term "single transaction" which definition shall amend all  
 32 other previous ordinances defining "single transaction".

33 ~~(ii)~~ Provided, however, any city which adopts an  
 34 ordinance which calls for an election to levy a local sales and use tax  
 35 authorized by this subchapter or any other provision of the Arkansas Code may  
 36 comply with this provision by adopting a definition of the term "single

1 ~~transaction" prior to the commencement of the collection of the local sales~~  
 2 ~~and use tax.~~

3 ~~(2) Effective January 1, 1998, the most recent definition of~~  
 4 ~~"single transaction" adopted prior to January 1, 1998, shall apply to and~~  
 5 ~~amend all previous local sales and use tax ordinances.~~

6 ~~(3) It is the intent of this provision to require each city~~  
 7 ~~which levies a local sales and use tax to adopt a uniform definition of the~~  
 8 ~~term "single transaction" for all taxes levied by the city or county.~~

9 ~~(4) This provision is limited to ordinances levying local sales~~  
 10 ~~and use taxes collected by the Department of Finance and Administration.~~

11  
 12 SECTION 54. Arkansas Code § 26-75-309(1)(D), regarding the effective  
 13 date of ordinance, is amended as follows:

14 (D)(i) The mayor of the city shall notify the director  
 15 after publication of the proclamation has occurred and ninety (90) days  
 16 before the effective date of the tax.

17 (ii) If no election challenge is filed within this  
 18 the thirty (30) day challenge period, the ordinance shall become effective on  
 19 the first day of the first month of the calendar quarter after a minimum of  
 20 sixty (60) days' notice by the director to sellers and subsequent to after  
 21 the expiration of the full thirty-day period of challenge; and

22  
 23 SECTION 55. Arkansas Code § 26-75-309(1), regarding the effective date  
 24 of ordinance, is amended to add an additional subdivision to read as follows:

25 (E) The rate change shall become applicable on the first  
 26 day of a quarter after one hundred twenty (120) days' notice by the director  
 27 to sellers on purchases from printed catalogs in which the purchaser computed  
 28 the tax based upon local tax rates published in the catalog; and

29  
 30 SECTION 56. Arkansas Code § 26-75-311(b), concerning effective date of  
 31 boundary change, is amended as follows:

32 (b)(1) If any such city in which a local sales and use tax has been  
 33 imposed in the manner provided for in this subchapter shall thereafter change  
 34 or alter its boundaries, the city clerk of the city shall forward to the  
 35 director, at least ninety (90) days before the effective date, a certified  
 36 copy of the ordinance adding or detaching territory from the city, which

1 shall be accompanied by a map clearly showing the territory added thereto or  
 2 detached therefrom.

3           (2) After receipt of the ordinance and the map, the tax imposed  
 4 under this subchapter shall be effective in the added territory or abolished  
 5 in the detached territory on the first day of the first month of the calendar  
 6 quarter following the expiration of thirty (30) days from the date that the  
 7 annexation or detachment becomes effective or after a minimum of sixty (60)  
 8 days' notice by the director to sellers, whichever expires last.

9  
 10           SECTION 57. Arkansas Code § 26-75-312(a) and (b), concerning  
 11 collection of tax, are amended as follows:

12           (a)(1)(A) In each city in which a local sales and use tax has been  
 13 imposed in the manner provided by this subchapter, every retailer shall add  
 14 the tax imposed by the Arkansas Gross Receipts Act, § 26-52-101 et seq., and  
 15 the Arkansas Compensating Tax Act, § 26-53-101 et seq., and the tax imposed  
 16 by this subchapter to his or her sale price, and when added, the combined tax  
 17 shall:

18                           ~~(A)(i)~~ Constitute a part of the price;

19                           ~~(B)(ii)~~ Be a debt of the purchaser to the retailer until  
 20 paid; and

21                           ~~(C)(iii)~~ Be recoverable at law in the same manner as the  
 22 purchase price.

23                           (B) When the sale price in the city shall involve a  
 24 fraction of a dollar, the two (2) combined taxes shall be added to the sale  
 25 price ~~according to a schedule and bracket system formula established by the~~  
 26 ~~director.~~

27                           (C) A retailer shall be entitled to the same discount with  
 28 respect to tax remitted under this subchapter as is authorized for the  
 29 collection and remission of gross receipts taxes to the State of Arkansas as  
 30 authorized in § 26-52-503.

31           (2)(A) Any fraction of one cent (1¢) of tax which is less than  
 32 one-half of one cent (1/2 of 1¢) shall not be collected.

33                           (B) Any fraction of one cent (1¢) of tax equal to one-half  
 34 of one cent (1/2 of 1¢) or more shall be collected as a whole cent (1¢) of  
 35 tax.

36           (3) In the event the General Assembly or the electors of the

1 state shall either increase or decrease the rate of the state gross receipts  
 2 tax, the combined rate of state tax and the local sales tax shall be the sum  
 3 of the two (2) rates. ~~In this event, the director may publish a schedule of~~  
 4 ~~the taxes due with reference to sales involving a fraction of one dollar~~  
 5 ~~(\$1.00).~~

6 (b) A city shall provide in its ordinance authorized by this  
 7 subchapter for a rebate from the city for taxes collected pursuant to this  
 8 subchapter in excess of the tax on the first two thousand five hundred  
 9 dollars (\$2,500) of gross receipts, gross proceeds, or sales price ~~from a~~  
 10 single transaction on the sale of motor vehicles, aircraft, watercraft,  
 11 modular homes, manufactured homes, or mobile homes.

12  
 13 SECTION 58. Arkansas Code § 26-75-316(a), regarding a use tax, is  
 14 amended as follows:

15 (a) In every city in which the local sales and use tax has been  
 16 adopted pursuant to the provisions of this subchapter, there is imposed an  
 17 excise tax on the storage, use, distribution, or other consumption within the  
 18 city of tangible personal property and taxable services purchased, leased, or  
 19 rented from any retailer outside the state after the effective date of the  
 20 sales and use tax for storage, use, distribution, or other consumption in the  
 21 city at a rate of one-half of one percent (1/2 of 1%) or at the rate of one  
 22 percent (1%) of the sale price of the property and services, or, in the case  
 23 of leases or rentals, of the lease or rental price, the rate of the use tax  
 24 to correspond to the rate of the sales tax portion of the tax.

25  
 26 SECTION 59. Arkansas Code § 26-75-404(d) and (e), concerning election  
 27 procedures, are amended as follows:

28 (d)(1) Following the election, the mayor of the city or town shall  
 29 issue a proclamation of the results of the election and the proclamation  
 30 shall be published one (1) time in a newspaper having general circulation in  
 31 the city or town.

32 (2)(A) If a majority of the electors voting on the issue vote  
 33 against the levy of the tax, the tax shall not be levied and the question of  
 34 the levy of a tax under this subchapter shall not again be submitted to the  
 35 electors of the city or town for one (1) year.

36 (B) If a majority of the electors voting on the issue vote

1 for the levy of the tax, the tax shall be levied and collected as provided  
2 for in this subchapter for the period prescribed in the ordinance.

3 (3)(A) A person desiring to challenge the results of the  
4 election shall file the challenge in the ~~chancery~~ circuit court of the county  
5 in which the city or town is located within thirty (30) days of the date of  
6 publication of the proclamation.

7 (B)(i)(a) The mayor of the city or town shall notify the  
8 director of the rate change after publication of the proclamation has  
9 occurred and ninety (90) days before the effective date of the tax.

10 (b) If no election challenge is filed within  
11 ~~this~~ the thirty (30) day challenge period, the ordinance shall become  
12 effective on the first day of the first month of the calendar quarter after a  
13 minimum of sixty (60) days' notice by the director to sellers and after the  
14 expiration of the thirty-day period for challenge of the results of the  
15 election.

16 (c) In the case of purchases made from printed  
17 catalogs in which the purchaser computed the tax based upon local tax rates  
18 published in the catalog, the applicable date will be the first day of the  
19 quarter after a minimum of one hundred twenty (120) days' notice by the  
20 director to sellers.

21 (ii) In the event of an election contest, the tax  
22 shall be collected as prescribed in subdivision (d)(3)(B)(i) of this section.

23 (e)(1) If a majority of electors voting on the issue vote "FOR" the  
24 levy of the tax, a copy of the mayor's proclamation of the results of the  
25 election shall be transmitted to the Director of the Department of Finance  
26 and Administration of the State of Arkansas within ten (10) days after the  
27 election.

28 (2)(A) At the time of transmitting the proclamation, the clerk  
29 shall also send to the director a map of the city or town clearly showing the  
30 boundaries of the city or town.

31 (B)(i) If any such city or town shall thereafter change or  
32 alter its boundaries, the city or town clerk shall forward to the director  
33 ninety (90) days before the effective date of the boundary changes a  
34 certified copy of the ordinance adding or detaching territory from the city  
35 or town, and the ordinance shall be accompanied by a map clearly showing the  
36 territory added or detached.

1 (ii) After receipt of the ordinance and map, the tax  
 2 imposed under this subchapter shall be effective in the added territory or  
 3 abolished in the detached territory on the first day of the first month of  
 4 the calendar quarter following the expiration of thirty (30) days from the  
 5 date that the annexation or detachment becomes effective or after a minimum  
 6 of sixty (60) days' notice by the director to sellers, whichever expires  
 7 last.

8  
 9 SECTION 60. Arkansas Code § 26-75-405(a), concerning items subject to  
 10 tax, is amended as follows:

11 (a) When any city or town levies a sales and use tax pursuant to the  
 12 authority granted in this subchapter, tax shall be levied upon the same sales  
 13 and the same items and services as are subject to taxation under the Arkansas  
 14 Gross Receipts Act, § 26-52-101 et seq., and the Arkansas Compensating Tax  
 15 Act, § 26-53-101 et seq.

16  
 17 SECTION 61. Arkansas Code § 26-75-502(a), concerning authority to  
 18 levy, is amended as follows:

19 (a) Any city of the first or second class having a population of not  
 20 more than forty thousand (40,000) persons according to the most recent  
 21 federal census and which has been or may hereafter be designated as a model  
 22 city under the Demonstration Cities and Metropolitan Development Act of 1966  
 23 may, by an ordinance passed by its governing body, levy for the benefit of  
 24 the city a tax of not to exceed one percent (1%) on gross proceeds or gross  
 25 receipts derived from sales ~~within the city~~, as such sales and gross proceeds  
 26 or gross receipts are defined in the Arkansas Gross Receipts Act, § 26-52-101  
 27 et seq., and the Arkansas Compensating Tax Act, § 26-53-101 et seq.

28  
 29 SECTION 62. Arkansas Code § 26-75-503(d), concerning election  
 30 requirements, is amended as follows:

31 (d)(1) If the majority vote "FOR" the ordinance, it shall be deemed to  
 32 be operative on the date that the governing body of the city makes its  
 33 official canvass of the election returns.

34 (2) However, no such tax shall be collected under any such  
 35 ordinance until the first day of a ~~month~~ calendar quarter ~~occurring at least~~  
 36 ~~thirty (30) days after the operative date~~ after a minimum of sixty (60) days'

1 notice by the director to sellers.

2 (3) For purchases made from printed catalogs in which the  
3 purchaser computed the tax based upon local tax rates published in the  
4 catalog, the tax shall be collected on the first day of the quarter after a  
5 minimum of one hundred twenty (120) days' notice by the director to sellers.

7 SECTION 63. Arkansas Code § 26-81-104(a), regarding the amount of tax  
8 and period of tax, is amended as follows:

9 (a)(1) Any tax levied pursuant to the authority of this chapter shall  
10 be a tax equal to one percent (1%) on the sales price on items of personal  
11 property and services sold or to be used in the levying county, to the extent  
12 of and subject to the exemptions with respect to the gross receipts tax and  
13 compensating use tax as set forth in § 26-52-101 et seq. and § 26-53-101 et  
14 seq., respectively.

15 (2)(A) Any tax levied pursuant to this chapter shall be levied  
16 and collected only ~~to a maximum tax of twenty five dollars (\$25.00) on each~~  
17 ~~single transaction,~~ on the first two thousand five hundred dollars (\$2,500)  
18 of gross receipts, gross proceeds, or sales price from the sale of motor  
19 vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile  
20 homes, and vendors shall be responsible for collecting and remitting the tax  
21 only ~~to the maximum of twenty five dollars (\$25.00) for each single~~  
22 ~~transaction,~~ on the first two thousand five hundred dollars (\$2,500) of gross  
23 receipts, gross proceeds, or sales price from the sale of motor vehicles,  
24 aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

25 (B) Vendors collecting, reporting, and remitting the  
26 county sales or use taxes shall show county taxes as a separate entry on the  
27 tax report form.

28 ~~(3)(A) The term "single transaction", as used in this~~  
29 ~~subsection, shall be defined by ordinance of the county levying the tax.~~

30 ~~(B)(i) Every county ordinance adopted after January 1,~~  
31 ~~1998, which calls for an election to levy a local sales and use tax~~  
32 ~~authorized by this subchapter or any other provision of the Arkansas Code~~  
33 ~~shall contain a definition of the term "single transaction" which definition~~  
34 ~~shall amend all other previous ordinances defining "single transaction".~~

35 ~~(ii) Provided, however, any county which adopts an~~  
36 ~~ordinance which calls for an election to levy a local sales and use tax~~

1 authorized by this subchapter or any other provision of the Arkansas Code may  
 2 comply with this provision by adopting a definition of the term "single  
 3 transaction" prior to the commencement of the collection of the local sales  
 4 and use tax.

5 (C) ~~Effective January 1, 1998, the most recent definition~~  
 6 ~~of "single transaction" adopted prior to January 1, 1998, shall apply to and~~  
 7 ~~amend all previous local sales and use tax ordinances.~~

8 (D) ~~It is the intent of this provision to require each~~  
 9 ~~county which levies a local sales and use tax to adopt a uniform definition~~  
 10 ~~of the term "single transaction" for all taxes levied by the county.~~

11 (E) ~~This provision is limited to ordinances levying local~~  
 12 ~~sales and use taxes collected by the Department of Finance and~~  
 13 ~~Administration.~~

14  
 15 SECTION 64. Arkansas Code § 26-81-106(a), regarding election results,  
 16 challenge, and effective date, is amended as follows:

17 (a)(1) Upon certification of the election results, the county judge  
 18 shall issue a proclamation declaring the results of the election and cause  
 19 the proclamation to be published one (1) time in a newspaper having general  
 20 circulation within the county.

21 (2) The county judge shall notify the director of the results  
 22 after publication of the proclamation has occurred and ninety (90) days  
 23 before the effective date of the tax.

24 ~~(2)(3)~~ (3) If no election challenge is timely filed, there shall be  
 25 levied, effective on the first day of the first ~~calendar~~ month of the  
 26 calendar quarter subsequent to after the expiration of the thirty-day  
 27 challenge period, and after a minimum of sixty (60) days' notice by the  
 28 director to sellers, a one percent (1%) tax on the gross receipts from the  
 29 sale at retail within the county on all items which are subject to the  
 30 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and an excise tax  
 31 on the storage, use, or consumption within the county of tangible personal  
 32 property and services purchased, leased or rented from any retailer outside  
 33 the state for storage, use, or other consumption in the county, at a rate of  
 34 one percent (1%) of the sale price of the property or services or, in the  
 35 case of leases or rentals, of the lease or rental price, the rate of the use  
 36 tax to correspond to the rate of the sales tax portion of the tax. The use

1 tax portion of the local sales and use tax shall be collected according to  
 2 the terms of the Arkansas Compensating Tax Act, § 26-53-101 et seq.

3  
 4 SECTION 65. Arkansas Code § 26-81-107(b)(1), regarding the record of  
 5 collections and deposit with State Treasurer, is amended as follows:

6 (1) Make remittances to the county for rebates made by the  
 7 county for taxes, if any, in excess of amounts specified by the particular  
 8 county ordinances paid by a taxpayer ~~on a single transaction;~~

9  
 10 SECTION 66. Arkansas Code § 26-81-107(c)(2), regarding the record of  
 11 collections and deposit with State Treasurer, is amended as follows:

12 (2) The State Treasurer shall transmit monthly to the county  
 13 treasurer and to the municipal treasurer of each municipality located in a  
 14 county levying the tax authorized in this chapter their per capita share of  
 15 the moneys received by the State Treasurer from the tax levied by such county  
 16 and credited to the account of the county in the Local Sales and Use Tax  
 17 Trust Fund. The county treasurer of any county which has levied a sales and  
 18 use tax pursuant to this chapter and which rebates taxes paid ~~on a single~~  
 19 ~~transaction~~ in excess of a specified amount shall monthly certify to the  
 20 State Treasurer the total amount of rebates paid since the preceding  
 21 certification, and the State Treasurer shall remit that amount to the county  
 22 treasurer from the Local Sales and Use Tax Trust Fund.

23  
 24 SECTION 67. Arkansas Code § 26-81-110 is amended as follows:

25 26-81-110. Combined tax reports.

26 ~~(a)(1)(A) Every city or county ordinance adopted after January 1,~~  
 27 ~~1998, which calls for an election to levy a local sales and use tax~~  
 28 ~~authorized by this subchapter or any other provision of the Arkansas Code~~  
 29 ~~shall contain a definition of the term "single transaction" which definition~~  
 30 ~~shall amend all other previous ordinances defining "single transaction".~~

31 (B) ~~Provided, however, any county which adopts an~~  
 32 ~~ordinance which calls for an election to levy a local sales and use tax~~  
 33 ~~authorized by this subchapter or any other provision of the Arkansas Code may~~  
 34 ~~comply with this provision by adopting a definition of the term "single~~  
 35 ~~transaction" prior to the commencement of the collection of the local sales~~  
 36 ~~and use tax.~~

1           ~~(2) Effective January 1, 1998, the most recent definition of~~  
 2 ~~"single transaction" adopted prior to January 1, 1998, shall apply to and~~  
 3 ~~amend all previous local sales and use tax ordinances.~~

4           ~~(3) It is the intent of this provision to require each city or~~  
 5 ~~county which levies a local sales and use tax to adopt a uniform definition~~  
 6 ~~of the term "single transaction" for all taxes levied by the city or county.~~

7           ~~(4) This provision is limited to ordinances levying local sales~~  
 8 ~~and use taxes collected by the Department of Finance and Administration.~~

9           ~~(b)(1)(a)(1)~~ Each vendor who is liable for one (1) or more city sales  
 10 or use taxes shall report a combined city sales tax and a combined city use  
 11 tax on his or her sales and use tax report.

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

15           (B) The combined city use tax is equal to the sum of all  
 16 use taxes levied by a city under this subchapter or any other provision of  
 17 the Arkansas Code.

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

20           (4) This provision does not apply to tax collected pursuant to §  
 21 26-75-502, et seq. which shall continue to be reported separately.

22           ~~(e)(b)(1)~~ Each vendor who is liable for one (1) or more county sales  
 23 or use taxes shall report a combined county sales tax and a combined county  
 24 use tax on his or her sales and use tax report.

25           (2) The combined county sales tax is equal to the sum of all  
 26 sales taxes levied by a county under this subchapter or any other provision  
 27 of the Arkansas Code.

28           (3) The combined county use tax is equal to the sum of all use  
 29 taxes levied by a county under this subchapter or any other provision of the  
 30 Arkansas Code.

31           (4) This provision applies only to taxes collected by the  
 32 director.

33  
 34           SECTION 68. Arkansas Code § 14-164-303(a)(12), pertaining to defined  
 35 terms for local bonds, is amended to read as follows:

36           (12) "Local sales and use tax", as used in §§ 14-164-327 - 14-

1 164-339, means a tax on the receipts from sales at retail within such  
 2 municipality or county of all items and services which are subject to  
 3 taxation under the Arkansas Gross Receipts Tax Act of 1941, as amended, § 26-  
 4 52-101 et seq., and a tax on the receipts for storing, using, or consuming  
 5 tangible personal property or taxable services under the Arkansas  
 6 Compensating Tax Act of 1949, as amended, § 26-53-101 et seq.;

7  
 8 SECTION 69. Arkansas Code § 14-164-303(b), pertaining to single  
 9 transactions, is repealed.

10 ~~(b)(1) As used in this subchapter, "single transaction" shall be~~  
 11 ~~defined by ordinance of the county or municipality levying the tax.~~

12 ~~(2)(A) Every city or county ordinance adopted after January 1,~~  
 13 ~~1998, which calls for an election to levy a local sales and use tax~~  
 14 ~~authorized by this subchapter or any other provision of the Arkansas Code~~  
 15 ~~shall contain a definition of the term "single transaction", which definition~~  
 16 ~~shall amend all other previous ordinances defining "single transaction".~~

17 ~~(B) Provided, however, any city or county which adopts an~~  
 18 ~~ordinance which calls for an election to levy a local sales and use tax~~  
 19 ~~authorized by this subchapter or any other provision of the Arkansas Code may~~  
 20 ~~comply with this provision by adopting a definition of the term "single~~  
 21 ~~transaction" prior to the commencement of the collection of the local sales~~  
 22 ~~and use tax.~~

23 ~~(3) Effective January 1, 1998, the most recent definition of~~  
 24 ~~"single transaction" adopted prior to January 1, 1998, shall apply to and~~  
 25 ~~amend all previous local sales and use tax ordinances.~~

26 ~~(4) It is the intent of this provision to require each city or~~  
 27 ~~county which levies a local sales and use tax to adopt a uniform definition~~  
 28 ~~of the term "single transaction" for all taxes levied by the city or county.~~

29 ~~(5) This provision is limited to ordinances levying local sales~~  
 30 ~~and use taxes collected by the Department of Finance and Administration.~~

31  
 32 SECTION 70. Arkansas Code § 14-164-329(a), pertaining to local sales  
 33 and use tax elections, is amended to read as follows:

34 (a) The levy of such tax shall not be effective until after the  
 35 election has been held and the issuance of bonds has been approved by the  
 36 voters and the director has been given ninety (90) days notice.

1  
2 SECTION 71. Arkansas Code § 14-164-329(b)(1), pertaining to local  
3 sales and use tax elections, is amended to read as follows:

4 (1) If no election challenge is filed within thirty (30) days of  
5 the date of publication of the proclamation of the results of the election,  
6 the tax shall, unless delayed as provided in subdivision (b)(3) of this  
7 section, become effective on the first day of the first month of the calendar  
8 ~~month quarter~~ subsequent to after the expiration of the thirty-day period for  
9 challenge and after a minimum of sixty (60) days' notice has been provided by  
10 the director to sellers.

11  
12 SECTION 72. Arkansas Code § 14-164-329(b)(3)(C), pertaining to local  
13 sales and use tax elections, is amended to read as follows:

14 (C) The delayed effective date shall in any event be the  
15 first day of a the first month of the calendar ~~month~~ quarter.

16  
17 SECTION 73. Arkansas Code § 14-164-329(c)(2), pertaining to local  
18 sales and use tax elections, is amended to read as follows:  
19 (2) In order to provide for the accomplishment of the  
20 administrative duties of the director and to protect the owners of the bonds,  
21 the tax shall be abolished on the first day of the first month of the  
22 calendar ~~month quarter~~ subsequent to after the expiration of ~~thirty (30)~~  
23 ninety (90) days from the date there is filed with the director a written  
24 statement signed by the chief executive officer of the municipality or county  
25 levying the tax and by the trustee for the bondholders, if a trustee is  
26 serving in such capacity, identifying the tax and the bonds, ~~wherein~~ in which  
27 either:

28 (A) The trustee certifies that the trustee has or will  
29 have sufficient funds set aside to pay the principal of and interest on the  
30 bonds when due at maturity or at redemption prior to maturity and the  
31 municipality or county levying the tax certifies that the tax is not pledged  
32 to any other bonds of such municipality or county; or

33 (B) The municipality or county levying the tax certifies  
34 that there are no longer any bonds outstanding payable from tax collections.  
35

36 SECTION 74. Arkansas Code § 14-164-331, pertaining to municipal

1 boundaries for local sales and use taxes, is amended to read as follows:

2 (a) If a municipality in which a local sales and use tax has been  
3 imposed in the manner provided for in this subchapter thereafter changes or  
4 alters its boundaries, the clerk of the municipality shall ninety (90) days  
5 before the effective date forward to the director a certified copy of the  
6 ordinance annexing or detaching territory from the municipality and a map  
7 clearly showing the territory annexed or detached.

8 (b) After the receipt of the ordinance and map, any tax imposed under  
9 this subchapter shall be effective in the added territory or abolished in the  
10 detached territory on the first day of the first month of the calendar ~~month~~  
11 quarter following the expiration of thirty (30) days from the date that the  
12 annexation or detachment becomes effective and after a minimum of sixty (60)  
13 days' notice by the director to sellers.

14  
15 SECTION 75. Arkansas Code § 14-164-333(b)(1)(B), pertaining to local  
16 sales and use taxes for capital improvement bonds, is amended to read as  
17 follows:

18 (B) ~~When the sale price in the municipality or county~~  
19 ~~involves a fraction of a dollar, the two combined taxes shall be added to the~~  
20 ~~sales price according to a schedule and bracket system formula established by~~  
21 ~~the director. However, a A retailer shall be entitled to the same discount~~  
22 with respect to tax remitted under this subchapter as is authorized for the  
23 collection and remission of gross receipts taxes to the state as authorized  
24 in § 26-52-503.

25  
26 SECTION 76. Arkansas Code § 14-164-333(c), pertaining to local sales  
27 and use taxes for capital improvement bonds, is amended to read as follows:

28 (c) In the event the General Assembly, or the electors of the state,  
29 shall either increase or decrease the rate of the state gross receipts tax,  
30 the combined rate of the state gross receipts tax and the local sales tax  
31 shall be the sum of the two (2) rates. ~~In such event, the director may~~  
32 ~~publish a schedule of taxes due with reference to sales involving a fraction~~  
33 ~~of one dollar (\$1.00).~~

34  
35 SECTION 77. Arkansas Code § 14-164-334(a), pertaining to local sales  
36 and use taxes for capital improvement bonds, is amended to read as follows:

1 (a) Any sales and use tax levied pursuant to this subchapter shall be  
 2 levied and collected 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~~ on the sale of motor vehicles, aircraft, watercraft, modular  
 5 homes, manufactured homes, or mobile homes.

6  
 7 SECTION 78. Arkansas Code § 14-164-334(b)(1), pertaining to local  
 8 sales and use taxes for capital improvement bonds, is amended to read as  
 9 follows:

10 (b)(1) For any taxpayer not subject to the levy of a use tax on  
 11 taxable services or tangible personal property brought into the State of  
 12 Arkansas for storage until such property is subsequently initially used in  
 13 the State of Arkansas, the use tax portion of the local sales and use tax  
 14 authorized by this subchapter shall be computed on each purchase of the  
 15 property by the taxpayer as if all such property was subject upon purchase to  
 16 such use tax ~~up to a maximum of twenty five dollars (\$25.00) per single~~  
 17 ~~transaction~~ but only on the first two thousand five hundred dollars (\$2,500)  
 18 of gross receipts, gross proceeds, or sales price on the sale of motor  
 19 vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile  
 20 homes.

21  
 22 SECTION 79. Arkansas Code § 14-164-337(g), pertaining to single  
 23 transactions, is repealed.

24 ~~(g)(1)(A) Every city or county ordinance adopted after January 1, 1998,~~  
 25 ~~which calls for an election to levy a local sales and use tax authorized by~~  
 26 ~~this subchapter or any other provision of the Arkansas Code shall contain a~~  
 27 ~~definition of the term "single transaction", which definition shall amend all~~  
 28 ~~other previous ordinances defining "single transaction".~~

29 ~~(B) Provided, however, any city or county which adopts an~~  
 30 ~~ordinance which calls for an election to levy a local sales and use tax~~  
 31 ~~authorized by this subchapter or any other provision of the Arkansas Code may~~  
 32 ~~comply with this provision by adopting a definition of the term "single~~  
 33 ~~transaction" prior to the commencement of the collection of the local sales~~  
 34 ~~and use tax.~~

35 ~~(2) Effective January 1, 1998, the most recent definition of~~  
 36 ~~"single transaction" adopted prior to January 1, 1998, shall apply to and~~

1 ~~amend all previous local sales and use tax ordinances.~~

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

5 ~~(4) This provision is limited to ordinances levying local sales~~  
6 ~~and use taxes collected by the Department of Finance and Administration.~~

7  
8 SECTION 80. Effective date. It is found and determined by the Eighty-  
9 fourth General Assembly that the Streamlined Sales Tax Agreement is necessary  
10 in order to stop the loss of sales tax revenue due to the rapid growth of  
11 internet sales, to level the playing field between local businesses and out-  
12 of-state businesses, and to negate the undue burden on interstate commerce;  
13 and that this act is necessary in order for Arkansas to be in compliance with  
14 the Streamlined Sales Tax Agreement. Under the Streamlined Sales Tax  
15 Agreement, when at least ten (10) states comprising at least twenty percent  
16 (20%) of the total population, as determined by the 2000 Federal census, of  
17 all states imposing a state sales tax have petitioned for membership and have  
18 been found to be in compliance with the requirements of the agreement, the  
19 agreement will become effective. Therefore, the provisions of this act shall  
20 become effective on the first day of the first quarter following the  
21 effective date of the Streamlined Sales Tax Agreement.

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