

State of Arkansas
85th General Assembly
Regular Session, 2005

A Bill

HOUSE BILL 2602

By: Representative Cowling

For An Act To Be Entitled

AN ACT TO INCREASE THE LIQUOR EXCISE TAX FROM
THREE PERCENT (3%) TO FIVE PERCENT (5%) AND TO
LEVY A FIVE PERCENT (5%) RETAIL BEER TAX FOR
PURPOSES OF FUNDING PUBLIC EDUCATION; AND FOR
OTHER PURPOSES.

Subtitle

INCREASES THE LIQUOR EXCISE TAX FROM
THREE PERCENT (3%) TO FIVE PERCENT (5%)
AND LEVIES A FIVE PERCENT (5%) RETAIL
BEER TAX FOR PURPOSES OF FUNDING PUBLIC
EDUCATION.

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

SECTION 1. Effective July 1, 2005, Arkansas Code § 3-7-201 is amended to read as follows:

3-7-201. Tax imposed - Collection.

(a)(1)(A)(i) There is levied a special alcoholic beverage excise tax of ~~three percent (3%)~~ five percent (5%) upon all retail receipts or proceeds derived from the sale of liquor, cordials, liqueurs, specialties, and sparkling and still wines. ~~The tax shall be in addition to all other taxes now imposed and cumulative to the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq.~~

~~(2)~~(ii) Native wine sold at retail in this state shall be subject to the special alcoholic beverage excise tax levied upon all retail receipts or proceeds derived from the sale of liquor, cordials,



liqueurs, specialties, and sparkling and still wines under ~~the provisions of~~
subdivision (a)(1)(A) of this section.

(B) The tax levied in subdivision (a)(1)(A) of this
section shall be in addition to all other taxes now imposed by the Arkansas
Gross Receipts Act of 1941, § 26-52-101 et seq.

~~(3)(A) There~~ (2)(A) Through June 30, 2005, there is levied a
 special alcoholic beverage excise tax of three percent (3%) upon all retail
 receipts or proceeds derived from the sale of beer.

(B) The tax levied in subdivision (a)(2)(A) of this
section shall be in addition to all other taxes now imposed by the Arkansas
Gross Receipts Act of 1941, § 26-52-101 et seq.

(3)(A) Beginning July 1, 2005, there is levied a special
alcoholic beverage excise tax of five percent (5%) upon all retail receipts
or proceeds derived from the sale of beer.

(B) The tax levied in subdivision (a)(3)(A) of this
section shall be in addition to all other taxes now imposed by the Arkansas
Gross Receipts Act of 1941, § 26-52-101 et seq.

(b) It shall be the duty of every retailer in this state to ~~collect~~
~~the tax:~~

(1) Collect the tax levied in this section from the consumer in
 addition to the established retail price of beer, liquor, cordials, liqueurs,
 specialties, sparkling and still wines ~~and to file;~~ and

(2) File a return and remittance with the Director of the
 Department of Finance and Administration on or before the twentieth day of
 each calendar month for the preceding month.

(c) Failure to file the return and remittance on the due date shall be
 cause for the director to enter an assessment for the return and remittance
 and add as a penalty ten percent (10%) of the amount of tax found to be due.

(d) Returns shall be filed upon forms prescribed by the director in
 accordance with such regulations as the director may promulgate ~~hereunder.~~

(e)(1) The revenues derived from the excise tax on beer levied under
 subdivision ~~(a)(3)(a)(2)~~ (a)(2) of this section shall be deposited in the Department
 of Human Services Grants Fund Account to be distributed as follows:

(A)(i) Twenty percent (20%) of the funds shall be used to
 provide subsidized child care for low-income families;

(ii) The low-income families shall not include

1 families in the Transitional Employment Assistance Program; and

2 (B) Eighty percent (80%) of the funds shall be used to
3 support and expand the Arkansas Better Chance Program of the Department of
4 Education.

5 (2) On June 30 of any year, the balance of the funds derived
6 from the excise tax on beer levied under ~~subsection (a)~~ subdivision (a)(2) of
7 this section may be carried forward into the next fiscal year, there to be
8 used for the same purposes.

9 (3)(A) The revenues derived from the excise tax on beer levied
10 under ~~subsection (a)~~ subdivision (a)(2) of this section shall be
11 supplementary to the Child Care Development Fund.

12 (B) These funds shall be exempt from budgetary cuts,
13 reductions, or eliminations caused by a deficiency of general revenues.

14 (4) The excise tax on beer levied under subdivision ~~(a)(3)~~
15 (a)(2) of this section shall expire on June 30, 2005.

16
17 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
18 General Assembly of the State of Arkansas that the Arkansas Supreme Court in
19 Lake View School District No. 25 v. Huckabee, 351 Ark. 31 (2002) declared the
20 current system of education to be unconstitutional because it is both
21 inequitable and inadequate; that the Arkansas Supreme Court determined that
22 the state has an absolute duty to provide an equal opportunity to an adequate
23 education; and that additional revenues are needed in order to provide
24 improved educational opportunities and facilities. Therefore, an emergency
25 is declared to exist and this act being necessary for the preservation of the
26 public peace, health, and safety shall become effective on July 1, 2005.