| 1 2 | State of Arkansas 85th General Assembly | A Bill | | | | | |
|----------|---|---------------------------------------|----------------------|--|--|--|--|
| | Ť | | HOUSE BILL 2825 | | | | |
| 3 | Regular Session, 2005 | | HOUSE BILL 2023 | | | | |
| 4 5 | By: Representative Sumpter | | | | | | |
| 6 | by. Representative Sumpter | | | | | | |
| 7 | | | | | | | |
| 8 | | For An Act To Be Entitled | | | | | |
| 9 | AN ACT | TO ASSIST CERTAIN BORDER CITIES IN | THE | | | | |
| 10 | STATE OF ARKANSAS TO EQUALIZE TAXES IN ORDER TO | | | | | | |
| 11 | COMPETE WITH AN ADJOINING STATE; AND FOR OTHER | | | | | | |
| 12 | PURPOSE | | | | | | |
| 13 | | | | | | | |
| 14 | | Subtitle | | | | | |
| 15 | TO A | ASSIST CERTAIN BORDER CITIES IN THE | | | | | |
| 16 | STAT | TE OF ARKANSAS TO EQUALIZE TAXES IN | | | | | |
| 17 | ORDE | ER TO COMPETE WITH AN ADJOINING | | | | | |
| 18 | STAT | CE. | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | BE IT ENACTED BY THE | GENERAL ASSEMBLY OF THE STATE OF ARI | KANSAS: | | | | |
| 22 | | | | | | | |
| 23 | SECTION 1. Ark | ansas Code Title 26, Chapter 52, is | amended to add an | | | | |
| 24 | additional subchapter | to read as follows: | | | | | |
| 25 | | thorization to equalize taxes. | | | | | |
| 26 | A city may elec | t to equalize the state taxes paid l | by its citizens with | | | | |
| 27 | | of the citizens in the adjoining sta | <u>.</u> | | | | |
| 28 | | ers the state line that is in the co | enter of the main | | | | |
| 29 | channel of a navigabl | | | | | | |
| 30 | · · · · · · · · · · · · · · · · · · · | a population of more than twenty five | | | | | |
| 31 | | thirty five thousand (35,000) person | ons according to the | | | | |
| 32 | 2000 Federal Decennia | | | | | | |
| 33 | · · · · · · · · · · · · · · · · · · · | ocated in a county in this state who | | | | | |
| 34 25 | | ve thousand (45,000) persons but les | | | | | |
| 35 36 | | sons according to the 2000 Federal l | | | | | |
| 36 | (4) Adjo | ins a city described in subdivision | (1) OI CHIS SECTION. | | | | |

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|----|--|--|--|--|--|--|
| 2 | 26-52-1702. Benefits for individual taxpayers only. | | | | | |
| 3 | This subchapter is intended to exempt only individual taxpayers from | | | | | |
| 4 | the Arkansas income tax and not to provide an exemption for corporations or | | | | | |
| 5 | any taxpayers other than individual taxpayers. | | | | | |
| 6 | | | | | | |
| 7 | 26-52-1703. Individual taxpayers entitled to benefit of subchapter. | | | | | |
| 8 | Any individual taxpayer residing in any border city or town located | | | | | |
| 9 | outside the State of Arkansas, which borders a city described in § 26-52-1701 | | | | | |
| 10 | shall be entitled to the benefits of this subchapter with respect to income | | | | | |
| 11 | derived by the taxpayer from employment or business activity in a city | | | | | |
| 12 | described in § 26-52-1701 upon which income tax is due the State of Arkansas | | | | | |
| 13 | under the Income Tax Act of 1929, § 26-51-101 et seq. | | | | | |
| 14 | | | | | | |
| 15 | 26-52-1704. Election proceedings. | | | | | |
| 16 | (a) The governing body of a city described in § 26-52-1701 may by | | | | | |
| 17 | ordinance call a special election, or, upon petition of not less than ten | | | | | |
| 18 | percent (10%) of the qualified electors of the city, as determined by the | | | | | |
| 19 | number of votes cast in the city for all candidates for election to the | | | | | |
| 20 | $\underline{	ext{Office of Governor of Arkansas in the immediately preceding general election,}}$ | | | | | |
| 21 | $\underline{\text{filed with the city clerk petitioning that a special election be called, a}}$ | | | | | |
| 22 | special election shall be called in the city on the question of the | | | | | |
| 23 | imposition of an additional state tax of one percent (1%) upon the gross | | | | | |
| 24 | receipts or gross proceeds derived from taxable sales within the city under | | | | | |
| 25 | the provisions of the Arkansas Gross Receipts Act of 1941, § 26-52-101 et | | | | | |
| 26 | seq. The proceeds derived from this tax shall benefit the State of Arkansas | | | | | |
| 27 | in lieu of the state income tax law applying to the net taxable income | | | | | |
| 28 | derived by individuals who are residents of the city. | | | | | |
| 29 | (b) The special election shall be called not later than ninety (90) | | | | | |
| 30 | $\underline{\text{days}}$ nor earlier than sixty (60) days following the adoption of the ordinance | | | | | |
| 31 | by the governing body of the city or the filing of petitions requesting the | | | | | |
| 32 | election. | | | | | |
| 33 | (c) Notice of the special election shall be given by publication in a | | | | | |
| 34 | newspaper of general circulation within the city on two (2) occasions not | | | | | |
| 35 | more than thirty (30) days and not less than ten (10) days prior to the date | | | | | |
| 36 | of the election. | | | | | |

| 1 | (d) The special election shall be held by the county board of election |
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| 2 | commissioners. The election judges and clerks shall be selected and the |
| 3 | election shall be conducted and the results shall be tabulated and certified |
| 4 | in the manner now provided by law for the holding of elections in this state. |
| 5 | (e) On the ballot shall be printed the following issue: |
| 6 | [] FOR the levy of an additional one percent (1%) state gross |
| 7 | receipts tax in the City of |
| 8 | Arkansas, in lieu of paying state income taxes by individuals who are |
| 9 | residents of the city. |
| 10 | [] AGAINST the levy of an additional one percent (1%) state gross |
| 11 | receipts tax in the City of |
| 12 | Arkansas, in lieu of paying state income taxes by individuals who are |
| 13 | residents of the city. |
| 14 | |
| 15 | 26-52-1705. Election results - Effect. |
| 16 | (a)(1) If a majority of the qualified electors of the city voting on |
| 17 | the issue at the election vote FOR the imposition of an additional one |
| 18 | percent (1%) gross receipts tax on taxable sales in the city, then the |
| 19 | additional one percent (1%) tax shall be levied beginning on and after the |
| 20 | January 1 next following the date of the election. |
| 21 | (2) For as long as the additional one percent (1%) gross |
| 22 | receipts tax is levied in the city, individuals who are residents of the city |
| 23 | shall not be subject to the imposition of the Arkansas income tax, as levied |
| 24 | by the Income Tax Act of 1929, § 26-51-101 et seq. |
| 25 | (b) If a majority of the qualified electors of the city shall vote |
| 26 | AGAINST the levy of an additional one percent (1%) gross receipts tax in lieu |
| 27 | of payment of the state income tax in the city, then the citizens of the city |
| 28 | shall continue to pay state gross receipts tax and state income tax as |
| 29 | provided by law. |
| 30 | |
| 31 | 26-52-1706. Levy of use tax. |
| 32 | In all cities in this state that border an incorporated city or town in |
| 33 | an adjoining state under this subchapter that does not impose an income tax |
| 34 | and that have adopted a one percent (1%) state sales tax pursuant to this |
| 35 | subchapter, there is levied an additional one percent (1%) state use tax that |
| 36 | shall be administered and enforced under the Arkansas Compensating Tax Act of |

| 1 | <u>1949,</u> | § | 26-53-101 | et | seq. |
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