

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 85th General Assembly
3 Regular Session, 2005

A Bill

SENATE BILL 1172

4
5 By: Senator Hill
6 By: Representative Thomason

For An Act To Be Entitled

10 AN ACT TO PLACE A TEMPORARY CAP ON THE MODEL
11 CITIES LOCAL SALES AND USE TAX; AND FOR OTHER
12 PURPOSES.

Subtitle

15 AN ACT TO PLACE A TEMPORARY CAP ON THE
16 MODEL CITIES LOCAL SALES AND USE TAX.

18
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

20
21 SECTION 1. Arkansas Code § 26-75-502 [Effective until contingency in
22 Acts 2003, No. 1273, § 88 is met], as it appears on page 204 of Volume 27B of
23 the Arkansas Code, is repealed.

24 ~~26-75-502. Authority to levy.~~

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

34 ~~(b) Rules and regulations promulgated by the Director of the~~
35 ~~Department of Finance and Administration for the State of Arkansas in~~
36 ~~connection with the collection and administration of the state gross receipts~~



1 tax shall be equally applicable with respect to any tax levied under this
2 subchapter.

3 ~~(c) The ordinance authorizing the levy of such a tax shall set the~~
4 ~~rate thereof within the limits authorized in this subchapter.~~

5 ~~(d) The operation of any ordinance levying such a tax shall be subject~~
6 ~~to approval of the voters as required in § 26-75-503.~~

7 ~~(e) After initial adoption of the tax as provided in this subchapter,~~
8 ~~that tax rate may be increased by the city under the same procedure but not~~
9 ~~to exceed the maximum prescribed in this subchapter.~~

10
11 SECTION 2. Arkansas Code § 26-75-502 [Effective when contingency in
12 Acts 2003, No. 1273, § 88 is met], as it appears on page 85 of the 2003
13 Supplement to Volume 27B of the Arkansas Code, is amended to read as follows:

14 26-75-502. Authority to levy. ~~[Effective when contingency in Acts~~
15 ~~2003, No. 1273, § 88, is met.]~~

16 (a)(1) Any city of the first or second class having a population of
17 not more than forty thousand (40,000) persons according to the most recent
18 federal census and that has been or may hereafter be designated as a model
19 city under the Demonstration Cities and Metropolitan Development Act of 1966,
20 42 U.S.C. § 3301 et seq., may, by an ordinance passed by its governing body,
21 levy for the benefit of the city a tax of not to exceed one percent (1%) on
22 gross proceeds or gross receipts derived from sales, as such sales and gross
23 proceeds or gross receipts are defined in the Arkansas Gross Receipts Act of
24 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, §
25 26-53-101 et seq.

26 (2)(A) Beginning July 1, 2005, and ending December 31, 2005, any
27 tax levied pursuant to subdivision (a)(1) of this section shall be levied and
28 collected only on the first two thousand five hundred dollars (\$2,500) of
29 gross receipts, gross proceeds, or sales price from each single transaction,
30 and vendors shall be responsible for collecting and remitting the tax only on
31 the first two thousand five hundred dollars (\$2,500) of gross receipts, gross
32 proceeds, or sales price from each single transaction.

33 (B) As used in this section, "single transaction" means
34 any sale or sales of tangible personal property or taxable services reflected
35 on a single invoice, receipt, or statement on which an aggregate sales or use
36 tax amount has been reported and remitted to the state.

1 (b) Rules and regulations promulgated by the Director of the
2 Department of Finance and Administration for the State of Arkansas in
3 connection with the collection and administration of the state gross receipts
4 tax shall be equally applicable with respect to any tax levied under this
5 subchapter.

6 (c) The ordinance authorizing the levy of such a tax shall set the
7 rate thereof within the limits authorized in this subchapter.

8 (d) The operation of any ordinance levying such a tax shall be subject
9 to approval of the voters as required in § 26-75-503.

10 (e) After initial adoption of the tax as provided in this subchapter,
11 that tax rate may be increased by the city under the same procedure but not
12 to exceed the maximum prescribed in this subchapter.

13
14 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
15 General Assembly of the State of Arkansas that this state is losing sales tax
16 revenue due to the rapid growth of Internet sales; that the playing field
17 between local businesses and out-of-state businesses needs to be leveled;
18 that an undue burden on interstate commerce currently exists; and that this
19 act is necessary in order for the State of Arkansas to be in compliance with
20 the Streamlined Sales Tax Agreement. Therefore, an emergency is declared to
21 exist and this act being necessary for the preservation of the public peace,
22 health, and safety shall become effective on July 1, 2005.

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