

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.

State of Arkansas  
85th General Assembly  
Regular Session, 2005

# A Bill

SENATE BILL 957

By: Senator J. Jeffress

## For An Act To Be Entitled

AN ACT TO AUTHORIZE ARKANSAS LOCAL GOVERNMENTS TO  
CREATE REVENUE SHARING DISTRICTS AND ENTER INTO  
COMPACTS FOR THE ALLOCATION OF LOCAL SALES AND  
USE TAX REVENUE GENERATED WITHIN THOSE DISTRICTS;  
AND FOR OTHER PURPOSES.

## Subtitle

AN ACT TO AUTHORIZE ARKANSAS LOCAL  
GOVERNMENTS TO CREATE REVENUE SHARING  
DISTRICTS AND ENTER INTO COMPACTS FOR  
THE ALLOCATION OF LOCAL SALES AND USE  
TAX REVENUE GENERATED WITHIN THOSE  
DISTRICTS.

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

SECTION 1. Arkansas Code Title 14, is amended to add an additional  
chapter to read as follows:

### Chapter 175

### Revenue Sharing Compacts

#### Subchapter 1. General Provisions [Reserved.]

#### Subchapter 2. Inter-municipal, Inter-county, and Municipal-county Compacts.



1       14-175-201. Interpretation.

2       This chapter is intended to supplement all existing constitutional  
3 provisions and laws designed to secure and promote economic development and  
4 shall be liberally construed to accomplish its purpose.

5  
6       14-175-202. Authority to enter into compacts and create revenue-  
7 sharing districts.

8       (a)(1) Except as provided in subdivision (a)(2) of this section, two  
9 (2) or more counties, or two (2) or more municipalities, whether or not in  
10 the same county, or one (1) or more counties and one (1) or more  
11 municipalities may join together in a compact for the purpose of creating one  
12 (1) or more revenue-sharing districts that share local sales and use tax  
13 revenue generated within the districts.

14       (2) Subdivision (a)(1) of this section shall not apply to  
15 dedicated local sales and use tax revenue that has been pledged for bonds.

16       (b) The fact that a particular district created under a compact  
17 entered into under the terms of this chapter may be located in only one (1)  
18 of the municipalities or counties that are parties to the compact does not  
19 prohibit the district from being the subject of the compact.

20  
21       14-175-203. Duration of compact -- Amendment -- Description of  
22 district.

23       (a)(1) A compact entered into under the terms of this chapter shall  
24 provide a date certain on which the district will be deemed to be created.

25       (2) The duration of any compact entered into under the terms of  
26 this chapter shall not exceed twenty (20) years.

27       (b)(1) A revenue sharing district created pursuant to a compact  
28 entered into under the terms of this chapter shall be a geographic area  
29 within a city or county as defined by the terms of the compact under which  
30 the district is created.

31       (2) The terms of any compact entered into under the terms of  
32 this chapter shall define the boundaries of a revenue sharing district with  
33 sufficient particularity so that the boundaries can be identified with  
34 reasonable certainty.

35       (c)(1) A compact entered into under the terms of this chapter may be  
36 amended upon the unanimous agreement of the parties to the compact.

1           (2) The amendment may include alteration of the geographic  
 2 boundaries of the district created under the compact.

3  
 4           14-175-204. Filing of compact -- Collection and allocation of tax --  
 5 Rules.

6           (a) A compact entered into under the terms of this chapter shall be  
 7 filed with the Director of the Department of Finance and Administration.

8           (b)(1) The director shall collect the local sales and use tax  
 9 generated within the district created under the compact in the same manner as  
 10 local sales and use tax is collected under the Arkansas Gross Receipts Act of  
 11 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, §  
 12 26-53-101 et seq.

13           (2) Following collection of the local sales and use tax, the  
 14 director shall determine the amount of revenue generated within the district  
 15 and remit the tax to the Treasurer of State with a report on how to allocate  
 16 and distribute those funds among the compacting parties pursuant to the terms  
 17 of the compact.

18           (3) The Treasurer of State shall distribute the funds in the  
 19 same frequency as local sales and use taxes are distributed under the  
 20 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas  
 21 Compensating Tax Act of 1949, § 26-53-101 et seq.

22           (4) The director's duties with respect to a district created  
 23 pursuant to a compact entered into under the terms of this chapter shall  
 24 exist for the duration of the compact.

25           (c) The director may promulgate reasonable rules and regulations under  
 26 this chapter to implement the revenue collection, administration, and  
 27 distribution authorized under this chapter.

28  
 29           14-175-205. Committee and reporting requirements.

30           (a) Any compact entered into under the terms of this chapter shall  
 31 provide for the establishment of an adhoc committee comprised of the  
 32 treasurers of the parties to the compact.

33           (b) No later than ten (10) days following each date on which the  
 34 parties receive funds under the compact, the committee created under this  
 35 chapter shall make a written report to the governing bodies of the parties to  
 36 the compact regarding the amount of funds most recently received from the

1 Treasurer of State.

2  
3 14-175-206. Existing taxing powers.

4 This chapter shall not abolish or limit the existing powers of taxation  
5 of the State of Arkansas or of any county or municipality that is a party to  
6 a compact entered into under the provisions of this chapter.

7  
8 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
9 General Assembly of the State of Arkansas that clarification of existing  
10 economic development law is necessary to carry out the intent of this  
11 chapter. Therefore, an emergency is declared to exist and this act being  
12 immediately necessary for the preservation of the public peace, health, and  
13 safety shall become effective on:

14 (1) The date of its approval by the Governor;

15 (2) If the bill is neither approved nor vetoed by the Governor,  
16 the expiration of the period of time during which the Governor may veto the  
17 bill; or

18 (3) If the bill is vetoed by the Governor and the veto is  
19 overridden, the date the last house overrides the veto.