

State of Arkansas  
86th General Assembly  
Regular Session, 2007

# A Bill

HOUSE BILL 1586

By: Representative King

## For An Act To Be Entitled

AN ACT TO MODIFY PROVISIONS RELATED TO THE  
ADVERTISING AND PROMOTION TAXES LEVIED BY CITIES  
OF THE FIRST CLASS WITH A POPULATION OF FEWER  
THAN FIVE THOUSAND (5,000) TO ENSURE THAT THE  
TAXES ARE LEVIED AND COLLECTED ON ALL ENTITIES  
THAT PROVIDE LODGING AND TO PROVIDE ADEQUATE  
REPRESENTATION AND PROCEDURES FOR FILLING THE  
VACANCIES THAT OCCUR ON THESE CITIES' ADVERTISING  
AND PROMOTIONS COMMISSION; AND FOR OTHER  
PURPOSES.

## Subtitle

TO MODIFY PROVISIONS RELATED TO THE  
ADVERTISING AND PROMOTION TAXES LEVIED  
BY CITIES OF THE FIRST CLASS WITH A  
POPULATION OF FEWER THAN FIVE THOUSAND  
(5,000) INHABITANTS.

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

SECTION 1. Arkansas Code § 26-75-701(a), regarding the authorization of the advertising and promotions tax levied in a city of the first class that has a population of fewer than five thousand (5,000) inhabitants, is amended to read as follows:

(a) Any city of the first class having a population of fewer than five thousand (5,000) inhabitants, a portion of which has been designated as a historic district and is included on the National Register of Historic



Places, by ordinance of its governing body, may levy a tax not to exceed two percent (2%) upon the gross receipts or gross proceeds from:

(1) The renting, leasing, or otherwise furnishing of ~~hotel or motel accommodations~~ lodging for profit in the city;

(2) Restaurants, cafes, cafeterias, and other business establishments, as defined in the levying ordinance, engaged in the business of selling prepared food for consumption on the premises in the city;

(3) Sales by ~~gift shops~~ retail businesses, ~~a majority of whose gross receipts or gross proceeds are derived from the sale of items commonly referred to as gifts or souvenirs available for sale to tourists~~, as defined in the levying ordinance; and

(4) Admission price to tourist attractions, as defined in § 26-52-1001.

SECTION 2. Arkansas Code § 26-75-701, regarding the authorization of the advertising and promotions tax levied in a city of the first class that has a population of fewer than five thousand (5,000) inhabitants, is amended to add an additional subsection to read as follows:

(c)(1) As used in this subchapter, "lodging" means furnishing for profit temporary accommodations based on a rental, lease, or other agreement.

(2) "Lodging" includes the furnishing for profit of:

(A) A hotel room, motel room, or other similar room that provides accommodations for a traveler;

(B) A condominium rental agreement; and

(C) A meeting or party room facility.

(3) "Lodging" does not include the rental or lease of an accommodation for thirty (30) consecutive days or more.

SECTION 3. Arkansas Code § 26-75-703 is amended to read as follows:

26-75-703. City advertising and promotion commission.

(a) Any city levying a tax pursuant to this subchapter shall, in the ordinance levying the tax, create a city advertising and promotion commission to be composed of seven (7) members as follows:

(1) Three (3) Four (4) members who are owners or managers of businesses that collect the tax authorized under this subchapter shall be  
~~hotel, motel, or restaurant owners or managers and one (1) member shall be a~~

~~gift shop owner or manager~~, each of whom shall be appointed by the mayor with the approval of the governing body of the city ~~for staggered terms of four (4) years;~~

(2) One (1) member who is appointed at large by the mayor with the approval of the governing body of the city; and

~~(2)(3) The remaining three (3) two (2) members of the commission shall be the mayor and two (2) members one (1) member of the governing body of the city selected by the governing body of the city, or two (2) members of the governing body of the city as provided in the levying ordinance.~~

~~(b)(1) In the case of cities levying the tax and creating the commission authorized in this section after April 1, 1985, the three hotel, motel, or restaurant members and the gift shop member appointed by the mayor shall, at the first meeting of the commission, draw lots for terms so that:~~

~~(A) One (1) of the members will serve for a term of one (1) year;~~

~~(B) One (1) shall serve for a term of two (2) years;~~

~~(C) One (1) shall serve for a term of three (3) years; and~~

~~(D) One (1) shall serve for a term of four (4) years.~~

~~(2) All successors to these members shall be appointed for terms of four (4) years.~~

(b)(1) Each member appointed to the advertising and promotion commission shall serve a term of four (4) years and until his or her successor is selected as provided under this section.

(2) The terms shall be staggered so that no more than two (2) members' terms expires each year.

(c)(1) If a vacancy occurs in an appointed position for any reason, the mayor shall appoint a person within sixty (60) days to fill the vacancy.

(2)(A) If the mayor fails to appoint a member to fill a vacancy within sixty (60) days, then the chair of the commission shall appoint a person to fill the vacancy within thirty (30) days, and the appointment shall be approved by a majority of the commissioners.

(B) The governing body of the city shall approve the appointment before a new member appointed under subdivision (d)(2)(A) may act in his or her official capacity.

(3) A new member under this subsection (d) shall serve for the remainder of the unexpired term.

1       (d) The members shall determine by majority vote who shall serve as  
2 chair.

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4       SECTION 4. NOT TO BE CODIFIED. (a) A city of the first class that  
5 has a population of fewer than five thousand (5,000) inhabitants that levies  
6 an advertising and promotions tax under § 26-75-701 et seq. before the  
7 effective date of this act shall amend the levying ordinance to comply with  
8 the provisions of this act.

9       (b) On the first day of the second calendar month following the  
10 effective date of this act, an advertising and promotion commission created  
11 under § 26-75-701 et seq. and created before the effective date of this act  
12 is abolished.

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14       SECTION 5. NOT TO BE CODIFIED. A city of the first class that has a  
15 population of fewer than five thousand (5,000) inhabitants that levies an  
16 advertising and promotions tax under § 26-75-701 et seq. before the effective  
17 date of this act shall amend the levying ordinance to comply with the  
18 provisions of this act.