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	11' ط	
2	86th General Assembly	A Bill	
3	Regular Session, 2007		SENATE BILL 14
4			
5	By: Senator Glover		
6			
7	_		
8	For An Act To Be Entitled		
9	AN ACT TO PHASE OUT THE STATE GENERAL SALES AND		
10	USE TAX ON FOOD AND FOOD INGREDIENTS; TO PRESERVE		
11	THE LOCAL SALES AND USE TAX ON FOOD AND FOOD		
12	INGREDIENTS; AND FOR OTHER PURPOSES.		
13			
14	Subtitle		
15	AN ACT TO PHASE OUT THE STATE GENERAL		
16	SALES AND USE TAX ON FOOD AND FOOD		
17	INGREDIENTS.	,	
18			
19			
20	BE IT ENACTED BY THE GENERAL	ASSEMBLY OF THE STATE OF	F ARKANSAS:
21		1 0 0 (50 017) 1	
22		de § 26-52-317 is amende	ed to read as follows:
23	26-52-317. Food and food ingredients.		
24 25	(a)(1) The Director of the Department of Finance and Administration		
25	0		· · · · · · · · · · · · · · · · · · ·
26 27			he state to collect sales
27 28	and use tax from some or all of the sellers who have no physical presence in the State of Arkansas and who make sales of taxable goods and services to		
28 29	Arkansas purchasers;		
30	-	nitiating the collectior	a of caloc and use tax
31	from these sellers would increase the net available general revenues needed		
32	to fund state agencies, services, and programs; and		
33	(C)(i) That during a six-month consecutive period, the		
34	amount of net available general revenues attributable to the collection of		
35	sales and use tax from sellers who have no physical presence in the State of		
36	Arkansas is equal to or greater than one hundred fifty percent (150%) of		
	-		



1 sales and use tax collected under §§ 26-52-301, 26-52-302(a), (b), and (d), 2 26-53-106, and 26-53-107(a), (b), and (d) on food and food ingredients. 3 (ii) The director shall make the determination under 4 subdivision (a)(1)(C)(i) of this section on a monthly basis following the 5 determination that the conditions under subdivision $(a)(1)(\Lambda)$ of this section 6 have been met. 7 (2) When the director finds that all of the conditions in 8 subdivision (a)(1) of this section have been met, then the gross receipts or 9 gross proceeds taxes levied under §§ 26-52-301 and 26-52-302(a), (b), and (d) 10 shall be levied at the rate of zero percent (0%) on the sale of food and food 11 ingredients beginning on the first day of the second calendar month following the determination of the director. 12 (a) Except as provided in subsection (b), the excise tax levied on the 13 gross proceeds or gross receipts on any sale of food or food ingredients 14 15 shall be at the following rates in lieu of any other gross proceeds or gross 16 receipts excise tax imposed by this state: 17 (1) July 1, 2007, through June 30, 2008, four and three-eighths of one percent (4.375%); 18 19 (2) July 1, 2008, through June 30, 2009, two and seven-eighths 20 of one percent (2.875%); 21 (3) July 1, 2009, through June 30, 2010, one and three-eighths 22 of one percent (1.375%); and 23 (4) July 1, 2010, and thereafter, zero percent (0%). 24 (b) The gross receipts or gross proceeds derived from the sale of food 25 and food ingredients shall continue to be subject to the: 26 (1) Taxes levied under § 26-52-302(c); 27 (2)(1) Excise tax levied under Arkansas Constitution, Amendment 28 75, § 2; and 29 (3)(2) All municipal and county gross receipts taxes. 30 The Department of Finance and Administration shall promulgate (c) 31 rules to implement the provisions of this section. 32 33 SECTION 2. Arkansas Code § 26-53-145 is amended to read as follows: 34 26-53-145. Food and food ingredients. 35 (a)(1) The Director of the Department of Finance and Administration 36 shall determine the following conditions:

SB14

2

1 (A) That federal law authorizes the state to collect sales 2 and use tax from some or all of the sellers who have no physical presence in the State of Arkansas and who make sales of taxable goods and services to 3 4 Arkansas purchasers; 5 (B) That initiating the collection of sales and use tax 6 from these sellers would increase the net available general revenues needed 7 to fund state agencies, services, and programs; and 8 (C)(i) That during a six-month consecutive period, the 9 amount of net available general revenues attributable to the collection of sales and use tax from sellers who have no physical presence in the State of 10 11 Arkansas is equal to or greater than one hundred fifty percent (150%) of sales and use tax collected under §§ 26-52-301, 26-52-302(a), (b), and (d), 12 13 26-53-106, and 26-53-107(a), (b), and (d) on food and food ingredients. 14 (ii) The director shall make the determination under 15 subdivision (a)(1)(C)(i) of this section on a monthly basis following the 16 determination that the conditions under subdivision $(a)(1)(\Lambda)$ of this section 17 have been met. 18 (2) When the director finds that all of the conditions in 19 subdivision (a)(1) of this section have been met, then the compensating use 20 taxes levied under §§ 26-53-106 and 26-53-107(a), (b), and (d) shall be 21 levied at the rate of zero percent (0%) on the sale of food and food 22 ingredients beginning on the first day of the second calendar month following 23 the determination of the director. 24 (b) The following shall continue to apply to the sales price of food 25 and food ingredients: 26 (1) The compensating use tax levied under § 26-53-107(c); 27 (2) The compensating use tax levied under Arkansas Constitution, 2.8 Amendment 75, § 2; and 29 (3) All municipal and county use taxes. 30 (c) The Department of Finance and Administration shall promulgate 31 rules to implement the provisions of this section. 32 (a) Except as provided in subsection (b), the compensating use tax on 33 the sales price of any article of food or food ingredient purchased, 34 produced, or manufactured outside this state and transported within this 35 state for storage, use, distribution, or consumption shall be at the

36 following rates in lieu of any other compensating use tax imposed by this

SB14

3

1 state: 2 (1) July 1, 2007, through June 30, 2008, four and three-eighths 3 of one percent (4.375%); (2) July 1, 2008, through June 30, 2009, two and seven eighths 4 5 of one percent (2.875%); 6 (3) July 1, 2009, through June 30, 2010, one and three-eighths 7 of one percent (1.375%); and 8 (4) July 1, 2010, and thereafter, zero percent (0%). 9 The following shall continue to apply to the sales price of food (b) 10 and food ingredients: 11 (1) The compensating use tax levied under § 26-53-107(c); 12 (2)(1) The compensating use tax levied under Arkansas Constitution, Amendment 75, § 2; and 13 14 (3)(2) All municipal and county gross receipts taxes. 15 The Department of Finance and Administration shall promulgate (c) 16 rules to implement the provisions of this section. 17 18 SECTION 3. EMERGENCY CLAUSE. The General Assembly of the State of Arkansas finds that the purchase of food and food ingredients is an 19 inescapable financial burden; that the gross proceeds or gross receipts taxes 20 21 and compensating use taxes on the sale of food and food ingredients create a 22 significant financial burden on low-income or fixed-income residents; and 23 that this act is necessary to reduce the burden as soon as is reasonably 24 possible. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall 25 26 become effective on July 1, 2007. 27 28 29 30 31 32 33 34 35 36