

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

# A Bill

HOUSE BILL 1891

5 By: Representative Baird  
6

## For An Act To Be Entitled

8 AN ACT TO DEDICATE THE SALES AND USE TAX REVENUE ON  
9 SALES OF NEW AND USED VEHICLES AND AUTO-RELATED SALES  
10 FOR THE CONSTRUCTION, RECONSTRUCTION, AND MAINTENANCE  
11 OF HIGHWAYS, ROADS, STREETS, BRIDGES, AND THEIR  
12 EXTENSIONS LOCATED WITHIN THE STATE; AND FOR OTHER  
13 PURPOSES.  
14

## Subtitle

15  
16 TO DEDICATE THE SALES AND USE TAX REVENUE  
17 ON SALES OF MOTOR VEHICLES AND AUTO-  
18 RELATED SALES AND SERVICES FOR THE  
19 CONSTRUCTION, RECONSTRUCTION, AND  
20 MAINTENANCE OF HIGHWAYS, ROADS, STREETS,  
21 BRIDGES, AND THEIR EXTENSIONS.  
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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27 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 5 is amended  
28 to add a new section to read as follows:

29 26-52-524. Motor vehicle revenue.

30 (a) As used in this section, "auto-related sales and services" means:

31 (1) All parts, including without limitation tires and batteries,  
32 placed on or used by a motor vehicle; and

33 (2) All labor, installation, maintenance, and diagnostic  
34 services, including without limitation repair services, performed on a motor  
35 vehicle.

36 (b) Beginning on the first day of September following the issuance of



an annual report certified to the Chief Fiscal Officer of the State by the Treasurer of State in which the gross collection of general revenue for sales and use tax exceeds two billion two hundred million dollars (\$2,200,000,000), a ten-year phase-in of all taxes, interest, penalties, and costs received by the Director of the Department of Finance and Administration from the taxes levied by this chapter on the sale of new or used motor vehicles, trailers, or semitrailers required to be licensed in this state and all auto-related sales and services shall be deposited into the State Treasury as follows:

(1) Beginning the first year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be deposited as follows:

(i) Ninety percent (90%) shall be deposited as general revenues; and

(ii) Ten percent (10%) shall be deposited as special revenues as follows:

(a) Fifteen percent (15%) to the County Aid Fund;

(b) Fifteen percent (15%) to the Municipal Aid Fund; and

(c) Seventy percent (70%) to the State Highway and Transportation Department Fund;

(B) Eight and five-tenths percent (8.5%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Property Tax Relief Trust Fund; and

(C) Fourteen and nine-tenths percent (14.9%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Educational Adequacy Fund;

(2) Beginning the second year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be deposited as follows:

(i) Eighty percent (80%) shall be deposited as general revenues; and

(ii) Twenty percent (20%) shall be deposited as special revenues as follows:

1                                   (a) Fifteen percent (15%) to the County Aid  
2 Fund;

3                                   (b) Fifteen percent (15%) to the Municipal Aid  
4 Fund; and

5                                   (c) Seventy percent (70%) to the State Highway  
6 and Transportation Department Fund;

7                                   (B) Eight and five-tenths percent (8.5%) of the taxes,  
8 interest, penalties, and costs received by the director shall be deposited  
9 into the Property Tax Relief Trust Fund; and

10                                  (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
11 interest, penalties, and costs received by the director shall be deposited  
12 into the Educational Adequacy Fund;

13                                  (3) Beginning the third year:

14                                  (A) Seventy-six and six-tenths percent (76.6%) of the  
15 taxes, interest, penalties, and costs received by the director shall be  
16 deposited as follows:

17                                  (i) Seventy percent (70%) shall be deposited as  
18 general revenues; and

19                                  (ii) Thirty percent (30%) shall be deposited as  
20 special revenues as follows:

21                                  (a) Fifteen percent (15%) to the County Aid  
22 Fund;

23                                  (b) Fifteen percent (15%) to the Municipal Aid  
24 Fund; and

25                                  (c) Seventy percent (70%) to the State Highway  
26 and Transportation Department Fund;

27                                  (B) Eight and five-tenths percent (8.5%) of the taxes,  
28 interest, penalties, and costs received by the director shall be deposited  
29 into the Property Tax Relief Trust Fund; and

30                                  (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
31 interest, penalties, and costs received by the director shall be deposited  
32 into the Educational Adequacy Fund;

33                                  (4) Beginning the fourth year:

34                                  (A) Seventy-six and six-tenths percent (76.6%) of the  
35 taxes, interest, penalties, and costs received by the director shall be  
36 deposited as follows:

1                   (i) Sixty percent (60%) shall be deposited as  
2 general revenues; and

3                   (ii) Forty percent (40%) shall be deposited as  
4 special revenues as follows:

5                   (a) Fifteen percent (15%) to the County Aid  
6 Fund;

7                   (b) Fifteen percent (15%) to the Municipal Aid  
8 Fund; and

9                   (c) Seventy percent (70%) to the State Highway  
10 and Transportation Department Fund;

11                   (B) Eight and five-tenths percent (8.5%) of the taxes,  
12 interest, penalties, and costs received by the director shall be deposited  
13 into the Property Tax Relief Trust Fund; and

14                   (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
15 interest, penalties, and costs received by the director shall be deposited  
16 into the Educational Adequacy Fund;

17                   (5) Beginning the fifth year:

18                   (A) Seventy-six and six-tenths percent (76.6%) of the  
19 taxes, interest, penalties, and costs received by the director shall be  
20 deposited as follows:

21                   (i) Fifty percent (50%) shall be deposited as  
22 general revenues; and

23                   (ii) Fifty percent (50%) shall be deposited as  
24 special revenues as follows:

25                   (a) Fifteen percent (15%) to the County Aid  
26 Fund;

27                   (b) Fifteen percent (15%) to the Municipal Aid  
28 Fund; and

29                   (c) Seventy percent (70%) to the State Highway  
30 and Transportation Department Fund;

31                   (B) Eight and five-tenths percent (8.5%) of the taxes,  
32 interest, penalties, and costs received by the director shall be deposited  
33 into the Property Tax Relief Trust Fund; and

34                   (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
35 interest, penalties, and costs received by the director shall be deposited  
36 into the Educational Adequacy Fund;

1           (6) Beginning the sixth year:

2           (A) Seventy-six and six-tenths percent (76.6%) of the  
3 taxes, interest, penalties, and costs received by the director shall be  
4 deposited as follows:

5                   (i) Forty percent (40%) shall be deposited as  
6 general revenues; and

7                   (ii) Sixty percent (60%) shall be deposited as  
8 special revenues as follows:

9                           (a) Fifteen percent (15%) to the County Aid  
10 Fund;

11                           (b) Fifteen percent (15%) to the Municipal Aid  
12 Fund; and

13                           (c) Seventy percent (70%) to the State Highway  
14 and Transportation Department Fund;

15                   (B) Eight and five-tenths percent (8.5%) of the taxes,  
16 interest, penalties, and costs received by the director shall be deposited  
17 into the Property Tax Relief Trust Fund; and

18                   (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
19 interest, penalties, and costs received by the director shall be deposited  
20 into the Educational Adequacy Fund;

21           (7) Beginning the seventh year:

22           (A) Seventy-six and six-tenths percent (76.6%) of the  
23 taxes, interest, penalties, and costs received by the director shall be  
24 deposited as follows:

25                   (i) Thirty percent (30%) shall be deposited as  
26 general revenues; and

27                   (ii) Seventy percent (70%) shall be deposited as  
28 special revenues as follows:

29                           (a) Fifteen percent (15%) to the County Aid  
30 Fund;

31                           (b) Fifteen percent (15%) to the Municipal Aid  
32 Fund; and

33                           (c) Seventy percent (70%) to the State Highway  
34 and Transportation Department Fund;

35                   (B) Eight and five-tenths percent (8.5%) of the taxes,  
36 interest, penalties, and costs received by the director shall be deposited

into the Property Tax Relief Trust Fund; and

(C) Fourteen and nine-tenths percent (14.9%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Educational Adequacy Fund;

(8) Beginning the eighth year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be deposited as follows:

(i) Twenty percent (20%) shall be deposited as general revenues; and

(ii) Eighty percent (80%) shall be deposited as special revenues as follows:

(a) Fifteen percent (15%) to the County Aid Fund;

(b) Fifteen percent (15%) to the Municipal Aid Fund; and

(c) Seventy percent (70%) to the State Highway and Transportation Department Fund;

(B) Eight and five-tenths percent (8.5%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Property Tax Relief Trust Fund; and

(C) Fourteen and nine-tenths percent (14.9%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Educational Adequacy Fund;

(9) Beginning the ninth year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be deposited as follows:

(i) Ten percent (10%) shall be deposited as general revenues; and

(ii) Ninety percent (90%) shall be deposited as special revenues as follows:

(a) Fifteen percent (15%) to the County Aid Fund;

(b) Fifteen percent (15%) to the Municipal Aid Fund; and

1                                   (c) Seventy percent (70%) to the State Highway  
2 and Transportation Department Fund;

3                                   (B) Eight and five-tenths percent (8.5%) of the taxes,  
4 interest, penalties, and costs received by the director shall be deposited  
5 into the Property Tax Relief Trust Fund; and

6                                   (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
7 interest, penalties, and costs received by the director shall be deposited  
8 into the Educational Adequacy Fund; and

9                                   (10) Beginning the tenth year:

10                                  (A) Seventy-six and six-tenths percent (76.6%) of the  
11 taxes, interest, penalties, and costs received by the director shall be  
12 special revenues and deposited as follows:

13                                   (i) Fifteen percent (15%) to the County Aid Fund;

14                                   (ii) Fifteen percent (15%) to the Municipal Aid  
15 Fund; and

16                                   (iii) Seventy percent (70%) to the State Highway and  
17 Transportation Department Fund;

18                                   (B) Eight and five-tenths percent (8.5%) of the taxes,  
19 interest, penalties, and costs received by the director shall be deposited  
20 into the Property Tax Relief Trust Fund; and

21                                   (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
22 interest, penalties, and costs received by the director shall be deposited  
23 into the Educational Adequacy Fund.

24                                  (c)(1) All funds credited to the State Highway and Transportation  
25 Department Fund under subsection (b) of this section shall be used for the  
26 construction, reconstruction, and maintenance of highways, roads, streets,  
27 bridges, and their extensions located within the state.

28                                  (2) All funds credited to the County Aid Fund under subsection  
29 (b) of this section shall be used for construction, reconstruction, and  
30 maintenance of highways, roads, streets, bridges, and their extensions  
31 located within the county receiving the funds.

32                                  (3) All funds credited to the Municipal Aid Fund under  
33 subsection (b) of this section shall be used for the construction,  
34 reconstruction, and maintenance of highways, roads, streets, bridges, and  
35 their extensions located within the municipality receiving the funds.

36                                  (4) When the phase-in begins under subsection (b) of this

section, each county and each municipality shall provide to each member of the General Assembly on the first Monday in January and annually thereafter, a report indicating how the funds provided by subsection (b) of this section were spent, which highways, roads, streets, bridges, and their extensions were worked on, and what other progress was made regarding the plan outlined to the General Assembly by the State Highway Commission during the debate on this section.

(d) The Director of the Department of Finance and Administration shall promulgate rules to implement this section.

SECTION 2. Arkansas Code Title 26, Chapter 53, Subchapter 1 is amended to add a new section to read as follows:

26-53-149. Motor vehicle revenue.

(a) As used in this section, "auto-related sales and services" means:

(1) All parts, including without limitation tires and batteries, placed on or used by a motor vehicle; and

(2) All labor, installation, maintenance, and diagnostic services, including without limitation repair services, performed on a motor vehicle.

(b) Beginning on the first day of September following the issuance of an annual report certified to the Chief Fiscal Officer of the State by the Treasurer of State in which the gross collection of general revenue for sales and use tax exceeds two billion two hundred million dollars (\$2,200,000,000), a ten-year phase-in of all taxes, interest, penalties, and costs received by the Director of the Department of Finance and Administration from the taxes levied by this chapter on the sale of new or used motor vehicles, trailers, or semitrailers required to be licensed in this state and all auto-related sales and services shall be deposited into the State Treasury as follows:

(1) Beginning the first year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be deposited as follows:

(i) Ninety percent (90%) shall be deposited as general revenues; and

(ii) Ten percent (10%) shall be deposited as special revenues as follows:



(a) Fifteen percent (15%) to the County Aid Fund;

(b) Fifteen percent (15%) to the Municipal Aid Fund; and

(c) Seventy percent (70%) to the State Highway and Transportation Department Fund;

(B) Eight and five-tenths percent (8.5%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Property Tax Relief Trust Fund; and

(C) Fourteen and nine-tenths percent (14.9%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Educational Adequacy Fund;

(2) Beginning the second year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be deposited as follows:

(i) Eighty percent (80%) shall be deposited as general revenues; and

(ii) Twenty percent (20%) shall be deposited as special revenues as follows:

(a) Fifteen percent (15%) to the County Aid Fund;

(b) Fifteen percent (15%) to the Municipal Aid Fund; and

(c) Seventy percent (70%) to the State Highway and Transportation Department Fund;

(B) Eight and five-tenths percent (8.5%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Property Tax Relief Trust Fund; and

(C) Fourteen and nine-tenths percent (14.9%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Educational Adequacy Fund;

(3) Beginning the third year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be deposited as follows:

1                   (i) Seventy percent (70%) shall be deposited as  
2 general revenues; and

3                   (ii) Thirty percent (30%) shall be deposited as  
4 special revenues as follows:

5                               (a) Fifteen percent (15%) to the County Aid  
6 Fund;

7                               (b) Fifteen percent (15%) to the Municipal Aid  
8 Fund; and

9                               (c) Seventy percent (70%) to the State Highway  
10 and Transportation Department Fund;

11                           (B) Eight and five-tenths percent (8.5%) of the taxes,  
12 interest, penalties, and costs received by the director shall be deposited  
13 into the Property Tax Relief Trust Fund; and

14                           (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
15 interest, penalties, and costs received by the director shall be deposited  
16 into the Educational Adequacy Fund;

17                   (4) Beginning the fourth year:

18                           (A) Seventy-six and six-tenths percent (76.6%) of the  
19 taxes, interest, penalties, and costs received by the director shall be  
20 deposited as follows:

21                               (i) Sixty percent (60%) shall be deposited as  
22 general revenues; and

23                               (ii) Forty percent (40%) shall be deposited as  
24 special revenues as follows:

25                               (a) Fifteen percent (15%) to the County Aid  
26 Fund;

27                               (b) Fifteen percent (15%) to the Municipal Aid  
28 Fund; and

29                               (c) Seventy percent (70%) to the State Highway  
30 and Transportation Department Fund;

31                           (B) Eight and five-tenths percent (8.5%) of the taxes,  
32 interest, penalties, and costs received by the director shall be deposited  
33 into the Property Tax Relief Trust Fund; and

34                           (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
35 interest, penalties, and costs received by the director shall be deposited  
36 into the Educational Adequacy Fund;

1           (5) Beginning the fifth year:

2                   (A) Seventy-six and six-tenths percent (76.6%) of the  
3 taxes, interest, penalties, and costs received by the director shall be  
4 deposited as follows:

5                           (i) Fifty percent (50%) shall be deposited as  
6 general revenues; and

7                           (ii) Fifty percent (50%) shall be deposited as  
8 special revenues as follows:

9                                   (a) Fifteen percent (15%) to the County Aid  
10 Fund;

11                                   (b) Fifteen percent (15%) to the Municipal Aid  
12 Fund; and

13                                   (c) Seventy percent (70%) to the State Highway  
14 and Transportation Department Fund;

15                           (B) Eight and five-tenths percent (8.5%) of the taxes,  
16 interest, penalties, and costs received by the director shall be deposited  
17 into the Property Tax Relief Trust Fund; and

18                           (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
19 interest, penalties, and costs received by the director shall be deposited  
20 into the Educational Adequacy Fund;

21           (6) Beginning the sixth year:

22                   (A) Seventy-six and six-tenths percent (76.6%) of the  
23 taxes, interest, penalties, and costs received by the director shall be  
24 deposited as follows:

25                           (i) Forty percent (40%) shall be deposited as  
26 general revenues; and

27                           (ii) Sixty percent (60%) shall be deposited as  
28 special revenues as follows:

29                                   (a) Fifteen percent (15%) to the County Aid  
30 Fund;

31                                   (b) Fifteen percent (15%) to the Municipal Aid  
32 Fund; and

33                                   (c) Seventy percent (70%) to the State Highway  
34 and Transportation Department Fund;

35                           (B) Eight and five-tenths percent (8.5%) of the taxes,  
36 interest, penalties, and costs received by the director shall be deposited

1 into the Property Tax Relief Trust Fund; and

2 (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
3 interest, penalties, and costs received by the director shall be deposited  
4 into the Educational Adequacy Fund;

5 (7) Beginning the seventh year:

6 (A) Seventy-six and six-tenths percent (76.6%) of the  
7 taxes, interest, penalties, and costs received by the director shall be  
8 deposited as follows:

9 (i) Thirty percent (30%) shall be deposited as  
10 general revenues; and

11 (ii) Seventy percent (70%) shall be deposited as  
12 special revenues as follows:

13 (a) Fifteen percent (15%) to the County Aid  
14 Fund;

15 (b) Fifteen percent (15%) to the Municipal Aid  
16 Fund; and

17 (c) Seventy percent (70%) to the State Highway  
18 and Transportation Department Fund;

19 (B) Eight and five-tenths percent (8.5%) of the taxes,  
20 interest, penalties, and costs received by the director shall be deposited  
21 into the Property Tax Relief Trust Fund; and

22 (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
23 interest, penalties, and costs received by the director shall be deposited  
24 into the Educational Adequacy Fund;

25 (8) Beginning the eighth year:

26 (A) Seventy-six and six-tenths percent (76.6%) of the  
27 taxes, interest, penalties, and costs received by the director shall be  
28 deposited as follows:

29 (i) Twenty percent (20%) shall be deposited as  
30 general revenues; and

31 (ii) Eighty percent (80%) shall be deposited as  
32 special revenues as follows:

33 (a) Fifteen percent (15%) to the County Aid  
34 Fund;

35 (b) Fifteen percent (15%) to the Municipal Aid  
36 Fund; and

(c) Seventy percent (70%) to the State Highway and Transportation Department Fund;

(B) Eight and five-tenths percent (8.5%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Property Tax Relief Trust Fund; and

(C) Fourteen and nine-tenths percent (14.9%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Educational Adequacy Fund;

(9) Beginning the ninth year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be deposited as follows:

(i) Ten percent (10%) shall be deposited as general revenues; and

(ii) Ninety percent (90%) shall be deposited as special revenues as follows:

(a) Fifteen percent (15%) to the County Aid Fund;

(b) Fifteen percent (15%) to the Municipal Aid Fund; and

(c) Seventy percent (70%) to the State Highway and Transportation Department Fund;

(B) Eight and five-tenths percent (8.5%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Property Tax Relief Trust Fund; and

(C) Fourteen and nine-tenths percent (14.9%) of the taxes, interest, penalties, and costs received by the director shall be deposited into the Educational Adequacy Fund; and

(10) Beginning the tenth year:

(A) Seventy-six and six-tenths percent (76.6%) of the taxes, interest, penalties, and costs received by the director shall be special revenues and deposited as follows:

(i) Fifteen percent (15%) to the County Aid Fund;

(ii) Fifteen percent (15%) to the Municipal Aid Fund; and

(iii) Seventy percent (70%) to the State Highway and

1 Transportation Department Fund;

2 (B) Eight and five-tenths percent (8.5%) of the taxes,  
3 interest, penalties, and costs received by the director shall be deposited  
4 into the Property Tax Relief Fund; and

5 (C) Fourteen and nine-tenths percent (14.9%) of the taxes,  
6 interest, penalties, and costs received by the director shall be deposited  
7 into the Educational Adequacy Fund.

8 (c)(1) All funds credited to the State Highway and Transportation  
9 Department Fund under subsection (b) of this section shall be used for the  
10 construction, reconstruction, and maintenance of highways, roads, streets,  
11 bridges, and their extensions located within the state.

12 (2) All funds credited to the County Aid Fund under subsection  
13 (b) of this section shall be used for construction, reconstruction, and  
14 maintenance of highways, roads, streets, bridges, and their extensions  
15 located within the county receiving the funds.

16 (3) All funds credited to the Municipal Aid Fund under  
17 subsection (b) of this section shall be used for the construction,  
18 reconstruction, and maintenance of highways, roads, streets, bridges, and  
19 their extensions located within the municipality receiving the funds.

20 (4) When the phase-in begins under subsection (b) of this  
21 section, the State Highway Commission, each county, and each municipality  
22 shall provide to each member of the General Assembly on the first Monday in  
23 January and annually thereafter, a yearly report indicating how the funds  
24 provided by subsection (b) of this section were spent, which highways, roads,  
25 streets, bridges, and their extensions were worked on, and what other  
26 progress was made regarding the plan outlined to the General Assembly by the  
27 commission during the debate on this section.

28 (d) The Director of the Department of Finance and Administration shall  
29 promulgate rules to implement this section.

30  
31 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the  
32 General Assembly of the State of Arkansas that the highways, roads, streets,  
33 and bridges of this state are in dire need of construction, reconstruction,  
34 and maintenance; that well-maintained roadways are necessary for economic  
35 development in this state; that dedicating the sales and use tax from the  
36 sale of new and used motor vehicles and auto-related sales and services will

1 be needed in order to construct, reconstruct, and repair those roadways; and  
2 that in order to lessen the loss of this money from general revenue, the  
3 transfer of these taxes will be phased in over a ten-year period. Therefore,  
4 an emergency is declared to exist and this act being necessary for the  
5 preservation of the public peace, health, and safety shall become effective  
6 on July 1, 2011.