

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025  
4

*As Engrossed: S3/13/25*

## **A Bill**

SENATE BILL 394

5 By: Senators J. Bryant, Hester, Dees  
6 By: Representatives McAlindon, B. McKenzie, R. Burkes, Underwood, R. Scott Richardson, McCollum,  
7 John Carr, Duke, Torres  
8

### **For An Act To Be Entitled**

10 AN ACT TO AMEND THE LAW CONCERNING COUNTY SALES AND  
11 USE TAXES FOR CAPITAL IMPROVEMENTS; TO ALLOW A COUNTY  
12 TO REFER TO THE VOTERS A CHANGE IN THE ALLOCATION OR  
13 DISTRIBUTION OF REVENUES FROM A COUNTY SALES AND USE  
14 TAX FOR CAPITAL IMPROVEMENTS; TO PROHIBIT A  
15 MUNICIPALITY FROM PLEDGING REVENUES FROM A COUNTY  
16 SALES AND USE TAX FOR CAPITAL IMPROVEMENTS TO REPAY  
17 BONDS; AND FOR OTHER PURPOSES.  
18

### **Subtitle**

20  
21 TO AMEND THE LAW CONCERNING THE  
22 ALLOCATION, DISTRIBUTION, AND USE OF  
23 REVENUES DERIVED FROM A COUNTY SALES AND  
24 USE TAXES FOR CAPITAL IMPROVEMENTS.  
25

26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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28 SECTION 1. Arkansas Code § 14-164-337(a), concerning the pledge of  
29 preexisting sales and use tax under the Local Government Bond Act of 1985, is  
30 amended to read as follows:

31 (a) ~~In~~ Except as provided in § 26-74-214(c)(1)(B), in any municipality  
32 or county which has in effect the levy of a local sales and use tax, the  
33 legislative body may, by ordinance, pledge all or a specified portion of the  
34 existing tax to retire its bonds as provided in this subchapter.  
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36 SECTION 2. Arkansas Code § 26-74-208(c), concerning the form of the



1 ballot for a county sales and use tax for capital improvements, is amended to  
2 read as follows:

3 (c)(1)(A) The ballot may also indicate designated uses of the revenues  
4 derived from the sales and use tax or the allocation or distribution of  
5 revenues, or both, and if the tax is approved, the proceeds shall only be  
6 used for the designated purposes and distributed in the manner set forth in  
7 the ballot.

8 (B) The county's share of the proceeds may be used for  
9 other designated purposes if the electors approve a change in the designated  
10 use of the revenues by vote under this subsection.

11 (2)(A)(i) The quorum court of a county may refer to the vote of  
12 the people a change in the indicated use of revenues derived from a sales and  
13 use tax levied by the county that was approved by the voters, ~~but a change~~  
14 ~~shall not alter the allocation of tax collections among the county and~~  
15 ~~municipalities within the county~~ or, if the requirement of subdivision  
16 (c)(2)(A)(ii) of this section is met, a change in the allocation or  
17 distribution of revenues among the county and the municipalities within the  
18 county.

19 (ii) The quorum court of a county may refer to the  
20 vote of the people a change in the allocation or distribution of revenues  
21 among the county and the municipalities within the county only if the  
22 population of the largest municipality in the county exceeds the population  
23 of the unincorporated areas of the county, according to the most recent  
24 federal decennial census.

25 (B) If the quorum court of a county refers to the vote of  
26 the people a change in the indicated use of revenues derived from a sales and  
27 use tax or a change in the allocation of tax collections among the county and  
28 the municipalities within the county, or both, the quorum court shall:

29 (i) Notify the county board of election  
30 commissioners that the measure has been referred to the vote of the people;  
31 and

32 (ii) Submit a copy of the ballot title to the county  
33 board of election commissioners.

34 (C)(i) An election to change the indicated use of revenues  
35 derived from a sales and use tax or to change the allocation or distribution  
36 of revenues among the county and the municipalities within the county, or

1 both, shall be conducted in the manner provided by law for all other county  
2 elections.

3 (ii) The results of an election under this  
4 subsection shall be certified, proclaimed, and subject to challenge under the  
5 procedures stated in § 26-74-209.

6 (3)(A) If the voters approve a change in the indicated use of  
7 revenues derived from a sales and use tax, the change in the indicated use  
8 shall apply to all revenues collected on the first day of the calendar month  
9 following the expiration of the thirty-day challenge period under § 26-74-  
10 209.

11 (B) If the voters approve a change in the allocation or  
12 distribution of revenues among the county and the municipalities within the  
13 county, the county shall notify the Treasurer of State of the new allocation  
14 or distribution of revenues among the county and the municipalities within  
15 the county that was approved by the voters after publication of the  
16 proclamation has occurred and at least ninety (90) days before the new  
17 allocation or distribution becomes effective.

18 (4)(A) If the voters do not approve a change in the indicated  
19 use of revenues derived from a sales and use tax, the tax shall continue to  
20 be collected and the revenues derived from the tax shall continue to be used  
21 for the purposes indicated in the ballot for the tax.

22 (B) If the voters do not approve a change in the  
23 allocation or distribution of revenues among the county and the  
24 municipalities within the county:

25 (i) The tax shall continue to be collected; and

26 (ii) There shall be no change in the allocation or  
27 distribution of the revenues derived from the tax.

28 (C) An election to change the indicated use of revenues  
29 derived from a sales and use tax or to change the allocation or distribution  
30 of revenues among the county and municipalities, or both, shall not  
31 constitute an election on the levy of the tax.

32 (5) Notwithstanding anything in this subchapter to the contrary,  
33 in any county that a local sales and use tax has been adopted in the manner  
34 provided for in this subchapter and a portion of the revenues derived from  
35 the tax has been pledged to secure lease rentals or bonds, the purpose for  
36 the tax may not be changed to reduce the pledge in favor of the lease or

1 bonds.

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3 SECTION 3. Arkansas Code § 26-74-214(c)(1), concerning the disposition  
4 of funds received from a county sales and use tax for capital improvements,  
5 is amended to read as follows:

6 (c)(1)(A) ~~Funds~~ Except as provided in subdivision (c)(1)(B) of this  
7 section, funds received by the counties and municipalities pursuant to the  
8 provisions of this subchapter may be used by the counties and municipalities  
9 for any purpose for which the county general funds or the city general funds  
10 may be used, subject to designations set forth in the ballot, if any.

11 (B) A municipality shall not pledge revenues from a tax  
12 levied under this subchapter for the repayment of bonds.

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*/s/J. Bryant*

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