

ARKANSAS SENATE
84th General Assembly - Regular Session, 2003
Amendment Form

Subtitle of Senate Bill No. 789

"TO LEVY A FOUR PERCENT (4%) PRIVILEGE TAX ON THE GROSS RECEIPTS OF
SELLERS OF CERTAIN UTILITY SERVICES IN THE STATE IN LIEU OF CORPORATION
INCOME TAX."

Amendment No. 1 to Senate Bill No. 789.

Amend Senate Bill No. 789 as originally introduced:

Delete everything after the enacting clause and substitute the following:

"SECTION 1. For purposes of this act:

(1) "Director" means the Director of the Department of Finance and Administration;

(2)(A) "Gross receipts" means all of the revenues of a qualified business that are attributable to proceeds from all sales of the qualified business in this state during the tax period of the utilities or services designated in this section, without any deductions for the cost of any services or property sold, losses, or any expenses whatsoever.

(B) For purposes of calculating the tax imposed by this act, the "gross receipts" of sellers of propane or butane means the proceeds from all sales in the state of propane or butane in containers exceeding five (5) gallons;

(3) "Qualified business" means every corporation, joint stock company, association, limited or general partnership, joint venture, limited liability company, cooperative, or other entity or individual formed for, or engaged in the business of:

(A) Selling electricity in the state;

(B) Selling natural gas in the state;

(C) Selling cable or satellite television services in the state;

(D) Selling telecommunications services in the state; or

(E) Selling propane or butane in the state; and

(4) "Telecommunications" services means those services that are taxable pursuant to Arkansas Code § 26-52-301.

SECTION 2. (a)(1) Beginning July 1, 2003, there is levied and there shall be collected from every qualified business in this state a privilege tax for the privilege of doing business in the state that constitutes part of the operating overhead of the business.



(2) The tax shall be computed by multiplying the gross receipts of the qualified business for the tax period by four percent (4%).

(b) The tax levied in this section shall be in addition to all other taxes currently imposed, except as stated in subsection (c) of this section.

(c)(1) Any qualified business subject to the tax levied in this act shall be exempt from the corporation income tax levied by Arkansas Code § 26-51-205 on and after July 1, 2003, with respect to the gross receipts taxed by this act.

(2) Corporations that derive taxable Arkansas income from sources other than gross receipts for its sales of the utilities or services listed in section 1 shall continue to report and remit corporation income tax on that taxable income.

(3) No credits, losses, or any other amount that would otherwise be allowable to reduce the corporation income tax liability of a qualified business shall be allowed to reduce the taxable gross receipts of a qualified business.

SECTION 3. (a) The tax levied in this act shall be due and payable on the twentieth day of each month for the previous calendar month.

(b)(1) Each taxpayer subject to the tax imposed by this act shall file a return under oath upon forms prescribed and furnished by the director stating the amount of its gross receipts for the previous calendar month.

(2) The return shall show such further information as the Director of the Department of Finance and Administration may require to enable him or her to correctly compute and collect the tax levied.

SECTION 4. (a)(1) Any qualified business whose corporation income tax liability ends on June 30, 2003, as a result of this act, but whose fiscal year ends after June 30, 2003, shall file a short year return.

(2) The final short year corporation income tax return shall be filed no later than October 15, 2003.

(b) The Director of the Department of Finance and Administration may allow further time for filing returns and assess interest under the provisions for extension in Arkansas Code § 26-18-505.

SECTION 5. The administration of this act is vested in and shall be exercised by the Director of the Department of Finance and Administration.

SECTION 6. The Arkansas Tax Procedure Act, § 26-18-101 et seq., is applicable to this act.

SECTION 7. (a) The Director of the Department of Finance and Administration shall promulgate rules and regulations and prescribe forms for the proper enforcement of this act.

(b) The rules, regulations, and forms shall be dated and issued under a systematic method of numbering, and copies shall be made available to any person requesting them.

SECTION 8. The gross receipts of qualified businesses providing telecommunications services shall be apportioned to this state where the customer's primary place of use, as determined in accordance with the Mobile Telecommunications Sourcing Act, 4 U.S.C. § 116 - 126, is within this state.

SECTION 9. The revenues derived from the additional tax imposed by this act shall be credited to the General Revenue Fund Account of the State Apportionment Fund, there to be distributed with the other gross general revenue collections for that month in accordance with the Revenue Stabilization Law.

SECTION 10. This act becomes effective on July 1, 2003.

SECTION 11. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that revenue available for the support of necessary state services has declined during the last twelve (12) months as a result of the nationwide economic slow down; that without additional revenue, some essential state services will be reduced or eliminated; that some Arkansans will suffer as a result of service reductions or cuts; and that this act will provide the necessary revenue to avoid state service reductions or cuts. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall become effective on July 1, 2003."

The Amendment was read the first time, rules suspended and read the second time and _____
By: Revenue & Tax - Senate
LDH/JMB - 031120031237
JMB328 _____ Secretary