

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representatives Lipton, Walker, Townsend, Brownlee, J. Wilson, Smith, McGee and**
5 **Jones**

A Bill

HOUSE BILL 1666

For An Act To Be Entitled

9 "AN ACT TO ESTABLISH THE ARKANSAS MEDICAID GROSS RECEIPTS
10 TAX; AND FOR OTHER PURPOSES."

11

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

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14 SECTION 1. Title 26, Chapter 52 of the Arkansas Code of 1987 Annotated
15 is hereby amended by adding a new subchapter to read as follows:

16 "26-52-1101. This subchapter may be cited as the 'Arkansas Medicaid
17 Gross Receipts Tax Act of 1991'.

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19 26-52-1102. As used in this subchapter:

20 (1) "Department" means the Department of Human Services;

21 (2) "Director" means the Director of the Department of Human Services;

22 (3) "Gross receipts or gross proceeds" means all payments for services

23 delivered pursuant to Title XIX of the United States Social Security Act, as

24 amended, and shall mean any and all Medicaid reimbursement payments made by

25 the Arkansas Department of Human Services, or a Division thereof, to a

26 medicaid provider certified to participate in the Arkansas Medical Assistance

27 Program, regardless of the provider's location, for Medicaid covered services

28 rendered to an individual who, at the time such services were delivered, was

29 found by the Arkansas Division of Economic and Medical Services to be eligible

30 to receive Medicaid services.

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32 26-52-1103. There is levied an excise tax of fifteen percent (15%) upon

33 the gross proceeds or gross receipts derived by certified medicaid providers

34 from that portion of the payments made from state revenues for all services

35 delivered pursuant to Title XIX of the United States Social Security Act.

1 This provision of this subchapter shall not apply to:

- 2 (1) payments made for pharmaceutical ingredients limited to the
3 estimated acquisition costs as defined within the Arkansas Medicaid
4 Prescription Drug Program State Plan, provided that rebates from
5 pharmaceutical manufacturers paid to the Department of Human Services shall be
6 in lieu of this tax on the said pharmaceutical ingredients exclusively; or
- 7 (2) payments made directly to the Department of Human Services or to a
8 Division thereof.

9 No other exemptions, whether contained in this subchapter or any other
10 provision of existing law, shall apply.

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12 26-52-1104. The tax imposed by this subchapter shall apply solely and
13 exclusively to that portion of the payments made from state revenues for
14 services delivered pursuant to Title XIX of the Social Security Act.

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16 26-52-1105. The administration of this subchapter is vested in and
17 shall be exercised by the Director of the Department of Human Services who
18 shall promulgate rules and regulations and prescribe forms for the proper
19 implementation and enforcement of this subchapter. The Department shall be
20 responsible for sending tax bills to Medicaid providers. The Department shall
21 account for all payments of tax, interest and penalty and shall be responsible
22 for collecting any delinquent tax, interest and penalty. Taxpayers shall file
23 all returns and remit any tax due on those returns to the Director of the
24 Department of Finance and Administration. The Director of the Department of
25 Finance and Administration shall be responsible for making available to the
26 Department of Human Services funds received under this act for deposit into
27 the Department of Human Services Grants Fund Account. All returns received by
28 the Director of the Department of Finance and Administration shall be
29 forwarded to the Director of the Department of Human Services, or his
30 designee, for processing.

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32 26-52-1106. (a) The tax levied by this act shall be paid quarterly.
33 Each Medicaid provider subject to tax pursuant to this act shall file a return
34 and remit any tax due to the Director of the Department of Finance and
35 Administration on or before the fortieth (40th) day following the last day of
36 the quarter.

1 (b) For the purpose of ascertaining the amount of tax payable under
2 this subchapter, it shall be the duty of all Medicaid providers to verify and
3 deliver to the Director of the Department of Finance and Administration, upon
4 forms prescribed and furnished by the Director of the Department of Human
5 Services and at a time prescribed herein, returns under oath showing the total
6 of all payments for services delivered pursuant to Title XIX of the United
7 States Social Security Act, as amended, during the applicable reporting
8 period. The returns shall show such further information as the director may
9 require to enable him to completely and correctly collect the tax levied.

10 (c) The tax shall be computed by multiplying all taxable gross proceeds
11 or gross receipts derived by certified Medicaid providers from that portion of
12 payments made by state revenues for all services delivered pursuant to Title
13 XIX of the Social Security Act by the applicable tax rate of fifteen percent
14 (15%).

15 (d) Any tax not paid within thirty (30) days of the due date shall be
16 delinquent from that date and it shall be the duty of the director to add a
17 penalty of ten percent (10%) upon all delinquent taxes.

18 (e) Claims for refunds of overpayments and payment of interest on
19 deficient payments or overpayments shall be subject to the terms and
20 conditions of Ark. Code Ann. §§26-18-507 and 26-18-508. All claims for
21 refunds must be filed with the Director of the Department of Human Services.

22 (f) Except as provided in paragraph (e) of this section, the Arkansas
23 Tax Procedure Act, Ark. Code Ann. §26-18-101, et seq., shall not apply to the
24 provisions of this subchapter.

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26 26-52-1107. The Director of the Department of Human Services may cancel
27 or refuse to issue, extend, or reinstate a Medicaid certification to any
28 provider who has failed to pay any delinquent tax or penalty. The director
29 shall collect delinquent taxes by any lawful means for collection of a civil
30 debt.

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32 26-52-1108. All taxes, interest, and penalties received by the Director
33 of the Department of Finance and Administration under this subchapter shall be
34 special revenues and shall be deposited as special revenues to the credit of
35 the Department of Human Services Grants Fund Account, which is hereby created

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