

1 State of Arkansas
2 84th General Assembly
3 Second Extraordinary Session, 2003
4

Call Item 6

A Bill

HOUSE BILL 1164

5 By: Representatives D. Evans, Jackson, Mahony
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7

For An Act To Be Entitled

9 AN ACT TO PROVIDE ADDITIONAL REVENUE TO FUND THE
10 STATE EDUCATION SYSTEM; TO LEVY AN ADDITIONAL
11 FIVE-EIGHTHS OF ONE PERCENT (0.625%) SALES AND
12 USE TAX; TO REDUCE THE DISCOUNT FOR PROMPT
13 PAYMENT OF SALES TAX; TO CREATE THE EDUCATIONAL
14 ADEQUACY TRUST FUND; AND FOR OTHER PURPOSES.
15

Subtitle

16 PROVIDES ADDITIONAL REVENUE TO FUND THE
17 EDUCATIONAL SYSTEM BY INCREASING SALES
18 AND USE TAX AND REDUCING THE PROMPT
19 PAYMENT DISCOUNT.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 26-52-302, concerning levying additional
26 sales taxes, is amended to add an additional subsection to read as follows:

27 (d)(1) Beginning March 1, 2004, there is levied an additional excise
28 tax of five-eighths of one percent (0.625%) upon all taxable sales of
29 property and services subject to the tax levied by the Arkansas Gross
30 Receipts Act of 1941, § 26-52-101 et seq.

31 (2) The tax shall be collected, reported, and paid in the same
32 manner and at the same time as prescribed by the Arkansas Gross Receipts Act
33 of 1941, § 26-52-101 et seq., for the collection, reporting, and payment of
34 Arkansas gross receipts taxes.
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36 SECTION 2. Arkansas Code § 26-52-311(b)(1), pertaining to the rental



1 vehicle tax, is amended to read as follows:

2 (b)(1) In addition to the rate in subsection (c) of this section, the
 3 rental vehicle tax shall be levied at the ~~same rate as the combined gross~~
 4 ~~receipts taxes levied by §§ 26-52-301 and 26-52-302 and any act supplemental~~
 5 ~~thereto~~ rate of five percent (5%) and the rate of any applicable municipal or
 6 county taxes.

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 8 SECTION 3. Arkansas Code § 26-53-107, effective until contingency in
 9 Acts 2003, No. 1273, § 88 is met, is amended to add an additional subsection
 10 to read as follows:

11 (d)(1) Beginning March 1, 2004, there is levied an additional excise
 12 tax of five-eighths of one percent (0.625%) upon all tangible personal
 13 property subject to the tax levied by the Arkansas Compensating Tax Act of
 14 1949, § 26-53-101 et seq.

15 (2) The tax shall be collected, reported, and paid in the same
 16 manner and at the same time as is prescribed by the Arkansas Compensating Tax
 17 Act of 1949, § 26-53-101 et seq., for the collection, reporting, and payment
 18 of Arkansas compensating taxes.

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 20 SECTION 4. Arkansas Code § 26-53-107, effective when contingency in
 21 Acts 2003, No. 1273, § 88 is met, is amended to read as follows:

22 (d)(1) Beginning March 1, 2004, there is levied an additional excise
 23 tax of five-eighths of one percent (0.625%) upon all tangible personal
 24 property and taxable services subject to the tax levied by the Arkansas
 25 Compensating Tax Act of 1949, § 26-53-101 et seq.

26 (2) The tax shall be collected, reported, and paid in the same
 27 manner and at the same time as is prescribed by the Arkansas Compensating Tax
 28 Act of 1949, § 26-53-101 et seq., for the collection, reporting, and payment
 29 of Arkansas compensating taxes.

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 31 SECTION 5. Effective July 1, 2003, Arkansas Code § 26-52-503(c),
 32 concerning the discount for prompt payment of sales tax, is amended to read
 33 as follows:

34 ~~(c)(1) For tax payments made on or after February 1, 1993, the~~ The
 35 ~~discount for prompt payment of state tax shall not exceed one thousand~~
 36 ~~dollars (\$1,000)~~ one hundred dollars (\$100) per month for taxpayers filing

1 monthly gross receipts tax reports. Taxpayers filing a tax report on a
 2 quarterly, annual, or occasional basis shall be entitled to the discount for
 3 state tax, which shall not exceed ~~one thousand dollars (\$1,000)~~ one hundred
 4 dollars (\$100) for each month included in the tax report.

5 (2)(A) The aggregate state tax discount available to a taxpayer
 6 who operates more than one (1) permitted business location within this state
 7 and who does not file a consolidated monthly gross receipts tax report for
 8 all locations shall not exceed ~~one thousand dollars (\$1,000)~~ one hundred
 9 dollars (\$100) per month.

10 (B) In the case of a corporate taxpayer, parent
 11 corporation, that holds fifty percent (50%) or more of the outstanding shares
 12 of one (1) or more corporations, subsidiaries, that are subject to the tax
 13 imposed by § 26-52-101 et seq., the aggregate state tax discount available to
 14 the parent corporation and all subsidiaries shall not exceed ~~one thousand~~
 15 ~~dollars (\$1,000)~~ one hundred dollars (\$100) per month.

16 (C) There shall be no limitation on the discount for
 17 prompt payment of city and county gross receipts taxes collected by the
 18 director.

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 20 SECTION 6. Effective July 1, 2004, Arkansas Code § 26-52-512(b),
 21 concerning tax payments by retailers, is amended to read as follows:

22 (b)(1) Every taxpayer who timely remits the prepayments required by
 23 subsection (a) of this section and who timely files and pays his monthly
 24 gross receipts tax report shall be entitled to a discount. The discount shall
 25 be the lesser of two percent (2%) of the reported monthly gross tax, or ~~one~~
 26 ~~thousand dollars (\$1,000)~~ one hundred dollars (\$100).

27 (2)(A) Failure to pay tax prepayments when due shall result in
 28 the assessment of a penalty equal to five percent (5%) of the amount of each
 29 required tax prepayment.

30 (B) If a taxpayer elects to prepay according to subdivision
 31 (a)(2) of this section and fails to pay eighty percent (80%) of the tax
 32 liability by the twenty-fourth of the current month, no penalty shall be
 33 assessed if the taxpayer proves that more than twenty percent (20%) of its
 34 tax liability arose from sales occurring after the twenty-fourth of the
 35 current month but before the last day of the current month.

36 (3)(A) The aggregate discount available to a taxpayer who

operates more than one (1) permitted business location within this state and who does not file a consolidated monthly gross receipts tax report for all locations shall not exceed ~~one thousand dollars (\$1,000)~~ one hundred dollars (\$100) per month.

(B) In the case of a corporate taxpayer (parent corporation) that holds fifty percent (50%) or more of the outstanding shares of one (1) or more corporations (subsidiaries) which are subject to the tax imposed by § 26-52-101 et seq., the aggregate discount available to the parent corporation and all subsidiaries shall not exceed ~~one thousand dollars (\$1,000)~~ one hundred dollars (\$100) per month.

SECTION 7. Educational Adequacy Trust Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of State, and Chief Fiscal Officer of the State a special revenue fund to be known as the Educational Adequacy Trust Fund.

(b) The Educational Adequacy Trust Fund shall consist of the revenues generated by Arkansas Code §§ 26-52-302(d), 26-53-107(d), and other revenues as provided by law.

(c) On the last day of the month, the Treasurer of State shall transfer amounts available in the Educational Adequacy Trust Fund to the Department of Education Public School Fund Account established in Arkansas Code § 19-5-305, to be used for the purposes provided by law. The Treasurer of State shall make the transfer after making the deductions required from the net special revenues as set out in Arkansas Code § 19-5-203(b)(2)(A).

SECTION 8. EMERGENCY CLAUSE. It is found and determined by the General Assembly, that the provision of an equal opportunity for an adequate education to all the citizens of the state is imperative; that additional funds are immediately needed to provide an equal opportunity for an adequate education; that this act is designed to provide the additional revenues needed to provide this equal opportunity to all citizens; and that a delay in the effective date of this act will cause irreparable harm upon the provision of essential education opportunities and the proper administration of educational programs. Therefore, an emergency is declared to exist and this act being necessary for the immediate preservation of the public peace, health, and safety shall be in full force and effect from and after the date

1 of March 1, 2004.
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