

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

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.
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Subtitle

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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.
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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) The quorum court of a county may refer to the vote of the
12 people a change in the indicated use of revenues derived from a sales and use
13 tax levied by the county that was approved by the voters, ~~but a change shall~~
14 ~~not alter the allocation of tax collections among the county and~~
15 ~~municipalities within the county~~ or a change in the allocation or
16 distribution of revenues among the county and the municipalities within the
17 county.

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

22 (i) Notify the county board of election
23 commissioners that the measure has been referred to the vote of the people;
24 and

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

27 (C)(i) An election to change the indicated use of revenues
28 derived from a sales and use tax or to change the allocation or distribution
29 of revenues among the county and the municipalities within the county, or
30 both, shall be conducted in the manner provided by law for all other county
31 elections.

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

35 (3)(A) If the voters approve a change in the indicated use of
36 revenues derived from a sales and use tax, the change in the indicated use

1 shall apply to all revenues collected on the first day of the calendar month
 2 following the expiration of the thirty-day challenge period under § 26-74-
 3 209.

4 (B) If the voters approve a change in the allocation or
 5 distribution of revenues among the county and the municipalities within the
 6 county, the county shall notify the Treasurer of State of the new allocation
 7 or distribution of revenues among the county and the municipalities within
 8 the county that was approved by the voters after publication of the
 9 proclamation has occurred and at least ninety (90) days before the new
 10 allocation or distribution becomes effective.

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

15 (B) If the voters do not approve a change in the
 16 allocation or distribution of revenues among the county and the
 17 municipalities within the county:

18 (i) The tax shall continue to be collected; and
 19 (ii) There shall be no change in the allocation or
 20 distribution of the revenues derived from the tax.

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

25 (5) Notwithstanding anything in this subchapter to the contrary,
 26 in any county that a local sales and use tax has been adopted in the manner
 27 provided for in this subchapter and a portion of the revenues derived from
 28 the tax has been pledged to secure lease rentals or bonds, the purpose for
 29 the tax may not be changed to reduce the pledge in favor of the lease or
 30 bonds.

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

35 (c)(1)(A) ~~Funds~~ Except as provided in subdivision (c)(1)(B) of this
 36 section, funds received by the counties and municipalities pursuant to the

1 provisions of this subchapter may be used by the counties and municipalities
2 for any purpose for which the county general funds or the city general funds
3 may be used, subject to designations set forth in the ballot, if any.

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

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