

SENATE AMENDMENT 2 TO SB12.

by striking lines 22 through 35 on page 1 replacing them with the following:

"1, 1997."

and by striking line 36 on page 1 and replacing it with the following:

"(b) Beginning January 1, 1998, eligible food and beverage sold for human"

and by striking "(f)" on line 3 on page 2 and replacing it with "(c)".

and by adding new sections beginning at line 6 on page 2 to read as follows:

"SECTION 2. Ark. Code Ann. §26-52-302 is amended to add a new subsection to read as follows:

(c) Beginning on January 1, 1998, in addition to the excise tax levied upon the gross proceeds or gross receipts derived from all sales by the Arkansas Gross Receipts Act, 26-52-101 et seq., there is hereby levied an additional excise tax of one-half of one percent (0.5%) upon all taxable sales of property and services subject to the tax levied in that act, and such tax shall be collected, reported, and paid in the same manner and at the same time as is prescribed by law for the collection, reporting, and payment of all other Arkansas gross receipts taxes. Provided that, in computing gross receipts or gross proceeds as defined in 26-52-103(a)(4), a deduction shall be allowed for bad debts resulting from the sale of tangible personal property.

SECTION 3. Ark. Code Ann. §26-52-303(a) is amended to read as follows:

(a)(1) In instances where an Arkansas city or incorporated town is:

(A) Divided by a state line from an incorporated city or town in an adjoining state;

(B) The city or town in the adjoining state is of greater population than the Arkansas city or town; and

(C) A tax imposed in such adjoining state is in the nature of a selective sales tax or limited to specific items as a special excise tax; then the rate of tax upon such articles on the Arkansas side shall be at the same rate imposed in such adjoining state, not to

exceed ~~five percent (5%)~~ five and one-eighths percent (5.125%).

(a) (2) Provided that, if such border city has voted to levy an additional one percent (1%) gross receipts tax in such city in lieu of paying state income taxes by individuals who are residents of said city, as authorized by § 26-52-601 et seq., in such event the rate of tax shall be one percent (1%) above ~~said five percent (5%)~~ five and one-eighths percent (5.125%).

SECTION 4. Ark. Code Ann. §26-53-107 is amended to add a new subsection to read as follows:

(c) (1) Beginning on January 1, 1998, in addition to the excise tax levied upon the privilege of storing, using, distributing, or consuming tangible personal property within this state by the Arkansas Compensating Tax Act, §26-53-101 et seq., there is levied an excise tax of one-half of one percent (0.5%) upon all tangible personal property subject to the tax levied in that act, and the tax shall be collected, reported, and paid in the same manner and at the same time as is prescribed by law for the collection, reporting, and payment of state compensating taxes.

SECTION 5. The provisions of this act shall not become effective until January 1, 1998."

and by appropriately renumbering the remaining sections.