

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Senator Benham

SENATE BILL 534

"AN ACT TO AMEND SUBSECTION (d) OF SECTION 10 OF ACT 991 OF 1981 AS AMENDED, [ARK. STATS. 17-2019(d)] AND SECTION 11 OF ACT 26 OF THE FIRST EXTRAORDINARY SESSION OF 1981 AS AMENDED, [ARK. STATS. 17-2031], TO PRESCRIBE THE METHOD OF DISTRIBUTION OF COUNTY SALES TAX REVENUES; AND FOR OTHER PURPOSES."

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

SECTION 1. Subsection (d) of Section 10 of Act 991 of 1981, as amended, the same being Arkansas Statutes 17-2019(d), is hereby amended to read as follows:

"(d) The State Treasurer shall transmit to the treasurer or financial officer of each city and county their per capita share, after deducting the amount required for claims, overpayments and bad checks as certified by the Commissioner of Revenues. Provided however, that if such distribution would result in any county receiving less than 25% of the taxes collected, the Commissioner may, at the request of that county's Quorum Court, transmit 25% of the tax receipts to the county and the remainder of the tax receipts to be distributed under this Act shall be transmitted to each city within the county on a per capita basis.

When any county has chosen, by duly adopted resolution of their Quorum Court, to request a minimum 25% distribution of that county's sales tax proceeds, the requesting county shall thereafter transmit to the incorporated municipalities of that county, all the proceeds of the three mill road tax collected within those municipalities. Following receipt by the Commissioner of a resolution request for a minimum 25% distribution by a county, such distribution shall commence with the first normal sales tax distribution in the next calendar year. Beginning in that same calendar year, the requesting

county shall distribute the full three mill road tax to the municipalities within that county's jurisdiction and shall continue such distribution thereafter. Transmittals of the sales tax proceeds shall be made at least quarterly in each fiscal year. Funds so transmitted may be used by the cities and counties for any purpose for which the city's general funds or county's general funds may be used. Before transmitting such funds, the State Treasurer shall deduct three percent (3%) of the sum collected as a charge by the State for its services specified in this Act, and the amount so deducted shall be deposited by the State Treasurer to the credit of the Constitutional and Fiscal Agencies Fund. The Commissioner is authorized to retain in the suspense account a balance not to exceed five percent (5%) of the amount remitted to the local governments. The Commissioner is authorized to make refunds from the suspense account of any overpayment made and to redeem dishonored checks and drafts deposited to the credit of the suspense account. When any tax adopted pursuant to this Act is thereafter abolished, the Commissioner shall retain in the suspense account for a period of one (1) year five percent (5%) of the final remittance to the local governments at the time of termination of collection of such tax to cover possible refunds for overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of the suspense account. After one (1) year has elapsed after the effective date of the abolishment of the tax, the Commissioner shall remit the balance of such account to the governing bodies of the cities and counties and close the account."

SECTION 2. Section 11 of Act 26 of the First Extraordinary Session of 1981, as amended, the same being Arkansas Statutes 17-2031, is hereby amended to read as follows:

"Section 11. The Commissioner of Revenues shall maintain a record of the amount of tax collected pursuant to this Act in each county and shall deposit all such revenues with the State Treasurer. Upon receipt of such funds, the State Treasurer shall deduct three percent (3%) thereof as a charge by the State for its services as specified in this Act, and shall credit said three percent (3%) to the Constitutional and Fiscal Agencies Fund. In addition, the State Treasurer is authorized to retain in the Local Sales and Use Tax Trust Fund an amount not to exceed five percent (5%) of the total amount received from the tax levied by each county, to be used by the Treasurer to

make remittances to the county for rebates made by the county for taxes in excess of amounts specified by the particular county ordinances paid by a taxpayer on a single transaction, to make refunds for overpayment of the taxes, and to redeem dishonored checks and drafts received and deposited in the Local Sales and Use Tax Trust Fund.

All funds received by the State Treasurer from the sales tax levied by each county after deducting the three percent (3%) for the Constitutional and Fiscal Agencies Fund shall be deposited in the Local Sales and Use Tax Trust Fund and shall be credited to the account of the county in which collected. The State Treasurer shall monthly transmit to the County Treasurer and to the City Treasurer of each municipality located in a county levying the tax authorized herein, their per capita share of the monies received by the State Treasurer from the sales tax levied by such county and credited to the account of the county in the Local Sales and Use Tax Trust Fund. Provided however, that if such distribution would result in the county receiving less than twenty-five percent (25%) of the taxes collected, the Commissioner may, under the terms provided herein, transmit twenty-five percent (25%) of the tax receipts to the county and the remainder of the tax receipts to be distributed under this Act shall be transmitted to each city within the county on a per capita basis. The County Treasurer of any county which has levied a sales tax pursuant to this Act and which rebates taxes paid on a single transaction in excess of a specified amount, shall monthly certify to the State Treasurer the total amount of rebates paid since the preceding certification and the State Treasurer shall remit such amount to the County Treasurer from the Local Sales and Use Tax Trust Fund.

Funds received by the counties and municipalities pursuant to the provisions of this Act may be used by the counties and municipalities for any purpose for which the county general funds or the city general funds may be used.

The State Treasurer is authorized to make refunds for overpayment of the county sales tax and to redeem dishonored checks and drafts issued in payment of the county sales tax from the Local Sales and Use Tax Trust Fund.

When any tax adopted by a county pursuant to this Act is abolished the Commissioner shall retain in the account of that county in the Local Sales and Use Tax Trust Fund for a period of one (1) year, an amount equal to five percent (5%) of the final remittance to the county and municipalities therein at the time of termination of the collection of the tax to cover possible rebates

by the county, refunds for overpayment of taxes, and to redeem dishonored checks and drafts deposited to the credit of the Local Sales and Use Tax Trust Fund. After one (1) year has elapsed after the effective date of the abolition of the tax in any county, the Commissioner shall transfer the balance in that county's account to the county and municipalities in the county and shall close the account.

Provided, however, any moneys collected which, as indicated by a certified copy of an ordinance of the quorum court of the county previously filed with the Commissioner and the Treasurer, are pledged to secure lease rentals or the payment of bonds authorized by this Act shall not be deposited in the State Treasury but shall be deposited by the Commissioner in a bank or banks designated by the county, as cash funds, and transmitted to the county subject to the charges payable and retainage authorized above in this Section. Charges deducted shall be transmitted to the treasurer and amounts retained shall be retained by the Commissioner as cash funds."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 3. EMERGENCY. It is hereby found and determined by the General Assembly that the present law prescribing the method of distributing county sales tax revenues is inequitable; that this law remedies the inequity, and that such inequity will continue to exist until this Act is given effect. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

