

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

HOUSE BILL 1541

By: Representatives J. Mayberry, Payton, Miller, Lundstrum, Penzo, Gates

For An Act To Be Entitled

AN ACT TO GRADUALLY DEDICATE THE SALES AND USE TAX REVENUE DERIVED FROM THE SALES OF NEW AND USED VEHICLES FOR THE MAINTENANCE, CONSTRUCTION, AND RECONSTRUCTION OF HIGHWAYS, ROADS, STREETS, BRIDGES, AND THEIR EXTENSIONS LOCATED WITHIN THE STATE; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO GRADUALLY DEDICATE THE SALES AND USE TAX REVENUE FROM THE SALES OF NEW AND USED VEHICLES FOR ROADWAY MAINTENANCE, CONSTRUCTION, AND RECONSTRUCTION; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 26-52-510, concerning the payment of sales tax on a new or used motor vehicle, trailer, or semitrailer is amended to add additional subsections to read as follows:

(h)(1) Beginning the first day of September following the issuance of an annual report certified to the Chief Fiscal Officer of the State by the Treasurer of State in which the gross collection of general revenue for sales and use tax exceeds two billion five hundred million dollars (\$2,500,000,000), the Chief Fiscal Officer of the State shall determine as a monthly allocation an amount equivalent to the percentages stated in subsection (i) of this section of the total net general revenues enumerated in § 19-6-201(1) and (2) that were collected as sales and use tax under § 26-



52-301, § 26-52-302(a), § 26-52-302(b)(1), § 26-52-303, § 26-52-607, § 26-53-106, § 26-53-107(a), and § 26-53-107(b)(1), on the sale of new or used motor vehicles, trailers, or semitrailers required to be licensed in this state.

(2) After making the deductions required under § 19-5-202(b)(2)(B)(i), on the last day of each month the Chief Fiscal Officer of the State shall certify the allocation determined under subdivision (h)(1) of this section to the Treasurer of State, who shall transfer the certified allocation as follows:

(A) Seventy percent (70%) credited to the State Highway and Transportation Department Fund, which shall be used for the construction, reconstruction, and maintenance of highways, roads, streets, bridges, and extensions of highways, roads, streets, and bridges located within the state;

(B) Fifteen percent (15%) credited to the County Aid Fund, which shall be used for the construction, reconstruction, and maintenance of highways, roads, streets, bridges, and extensions of highways, roads, streets, and bridges located within the county; and

(C) Fifteen percent (15%) credited to the Municipal Aid Fund, which shall be used for the construction, reconstruction, and maintenance of highways, roads, streets, bridges, and extensions of highways, roads, streets, and bridges located within the municipality.

(i) In making a determination under subsection (h) of this section, the Chief Fiscal Officer of the State shall use the following percentages:

(1) Beginning September 1 of the first year, ten percent (10%);

(2) Beginning September 1 of the second year in which an increase is allowed under subsection (j) of this section, twenty percent (20%);

(3) Beginning September 1 of the third year in which an increase is allowed under subsection (j) of this section, thirty percent (30%);

(4) Beginning September 1 of the fourth year in which an increase is allowed under subsection (j) of this section, forty percent (40%);

(5) Beginning September 1 of the fifth year in which an increase is allowed under subsection (j) of this section, fifty percent (50%);

(6) Beginning September 1 of the sixth year in which an increase is allowed under subsection (j) of this section, sixty percent (60%);

(7) Beginning September 1 of the seventh year in which an

increase is allowed under subsection (j) of this section, seventy percent (70%);

(8) Beginning September 1 of the eighth year in which an increase is allowed under subsection (j) of this section, eighty percent (80%);

(9) Beginning September 1 of the ninth year in which an increase is allowed under subsection (j) of this section, ninety percent (90%); and

(10) Beginning September 1 of the tenth year in which an increase is allowed under subsection (j) of this section and thereafter, one hundred percent (100%).

(j)(1) After the Treasurer of State certifies an annual report to the Chief Fiscal Officer of the State under subdivision (h)(1) of this section, the Chief Fiscal Officer of the State shall determine, within fifteen (15) days after the end of each fiscal year, whether the total gross general revenues for the closing fiscal year increased by at least three percent (3%) over the total gross general revenues for the fiscal year immediately preceding the closing fiscal year.

(2) If the Chief Fiscal Officer of the State determines under subdivision (j)(1) of this section that the total gross general revenues for the closing fiscal year:

(A) Increased by at least three percent (3%) over the total gross general revenues for the fiscal year immediately preceding the closing fiscal year, the percentage used under subsection (i) of this section shall increase as stated under subsection (i) of this section; or

(B) Did not increase by at least three percent (3%) over the total gross general revenues for the fiscal year immediately preceding the closing fiscal year, the percentage used under subsection (i) of this section shall:

(i) Not increase on September 1 as stated in subsection (i) of this section; and

(ii) Remain the same until the Chief Fiscal Officer of the State determines that the total gross general revenues for a closing fiscal year increased by at least three percent (3%) over the total gross general revenues for the fiscal year immediately preceding the closing fiscal year.

SECTION 2. Arkansas Code § 26-53-126, concerning the payment of use tax on new or used motor vehicles, trailers, or semitrailers is amended to add additional subsections to read as follows:

(g)(1) Beginning the first day of September following the issuance of an annual report certified to the Chief Fiscal Officer of the State by the Treasurer of State in which the gross collection of general revenue for sales and use tax exceeds two billion five hundred million dollars (\$2,500,000,000), the Chief Fiscal Officer of the State shall determine as a monthly allocation an amount equivalent to the percentages stated in subsection (h) of this section of the total net general revenues enumerated in § 19-6-201(1) and (2) that were collected as sales and use tax under § 26-52-301, § 26-52-302(a), § 26-52-302(b)(1), § 26-52-303, § 26-52-607, § 26-53-106, § 26-53-107(a), and § 26-53-107(b)(1), on the sale of new or used motor vehicles, trailers, or semitrailers required to be licensed in this state.

(2) After making the deductions required under § 19-5-202(b)(2)(B)(i), on the last day of each month the Chief Fiscal Officer of the State shall certify the allocation determined under subdivision (g)(1) of this section to the Treasurer of State, who shall transfer the certified allocation as follows:

(A) Seventy percent (70%) credited to the State Highway and Transportation Department Fund, which shall be used for the construction, reconstruction, and maintenance of highways, roads, streets, bridges, and extensions of highways, roads, streets, and bridges located within the state;

(B) Fifteen percent (15%) credited to the County Aid Fund, which shall be used for the construction, reconstruction, and maintenance of highways, roads, streets, bridges, and extensions of highways, roads, streets, and bridges located within the county; and

(C) Fifteen percent (15%) credited to the Municipal Aid Fund, which shall be used for the construction, reconstruction, and maintenance of highways, roads, streets, bridges, and extensions of highways, roads, streets, and bridges located within the municipality.

(h) In making a determination under subsection (g) of this section, the Chief Fiscal Officer of the State shall use the following percentages:

(1) Beginning September 1 of the first year, ten percent (10%);

(2) Beginning September 1 of the second year in which an increase is allowed under subsection (i) of this section, twenty percent

(20%);

(3) Beginning September 1 of the third year in which an increase is allowed under subsection (i) of this section, thirty percent (30%);

(4) Beginning September 1 of the fourth year in which an increase is allowed under subsection (i) of this section, forty percent (40%);

(5) Beginning September 1 of the fifth year in which an increase is allowed under subsection (i) of this section, fifty percent (50%);

(6) Beginning September 1 of the sixth year in which an increase is allowed under subsection (i) of this section, sixty percent (60%);

(7) Beginning September 1 of the seventh year in which an increase is allowed under subsection (i) of this section, seventy percent (70%);

(8) Beginning September 1 of the eighth year in which an increase is allowed under subsection (i) of this section, eighty percent (80%);

(9) Beginning September 1 of the ninth year in which an increase is allowed under subsection (i) of this section, ninety percent (90%); and

(10) Beginning September 1 of the tenth year in which an increase is allowed under subsection (i) of this section and thereafter, one hundred percent (100%).

(i)(1) After the Treasurer of State certifies an annual report to the Chief Fiscal Officer of the State under subdivision (g)(1) of this section, the Chief Fiscal Officer of the State shall determine, within fifteen (15) days after the end of each fiscal year, whether the total gross general revenues for the closing fiscal year increased by at least three percent (3%) over the total gross general revenues for the fiscal year immediately preceding the closing fiscal year.

(2) If the Chief Fiscal Officer of the State determines under subdivision (i)(1) of this section that the total gross general revenues for the closing fiscal year:

(A) Increased by at least three percent (3%) over the total gross general revenues for the fiscal year immediately preceding the closing fiscal year, the percentage used under subsection (h) of this section shall increase as stated under subsection (h) of this section; or

(B) Did not increase by at least three percent (3%) over

the total gross general revenues for the fiscal year immediately preceding the closing fiscal year, the percentage used under subsection (h) of this section shall:

(i) Not increase on September 1 as stated in subsection (h) of this section; and

(ii) Remain the same until the Chief Fiscal Officer of the State determines that the total gross general revenues for a closing fiscal year increased by at least three percent (3%) over the total gross general revenues for the fiscal year immediately preceding the closing fiscal year.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the highways, roads, streets, and bridges of this state are in dire need of construction, reconstruction, and maintenance; that well-maintained roadways are necessary for economic development in this state; that dedicating the sales and use tax from the sale of new and used motor vehicles, trailers, and semitrailers is necessary to help pay for the construction, reconstruction, and maintenance of our roadways; and that in order to lessen the loss of this money from general revenue, the transfer of these taxes will be phased in over a ten-year period. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2019.