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ORDINANCE NO. 1794

AN ORDINANCE FOR THE LEVY OF A ONE-QUARTER OF ONE PERCENT SALES AND USE TAX WITHIN THE CITY OF EUREKA SPRINGS, ARKANSAS, FOR A PERIOD OF FOUR YEARS TO BE USED FOR PARK AND RECREATIONAL FACILITIES; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City Council of the City of Eureka Springs, Arkansas (the "City") has determined that there is a great need for a new stable source of revenue to assist in funding (a) the hereinafter defined, (b) the construction of new Park and Recreational facilities and/or (c) the retirement of any capital improvement bonds subsequently approved by the voters to acquire, construct and equip Park and Recreational Facilities ("Park and Recreation Bonds"); and

WHEREAS, A.C.C.Ss26-73-113 (1995 Supp.) 9th "Authorizing Legislation" provides for the levy of up to a 1% city-wide sales and use tax to (a) fund the operation and maintenance of capital improvements of a public nature and (b) the retirement of capital improvement bonds approved by the voters to finance capital improvements of a public nature; and

WHEREAS, the Authorizing Legislation permits revenues received from the sales and use tax as levied for the first 24 months to be used to construct capital improvements of a public nature; and

WHEREAS, the City proposes to levy a ¼% sales and use tax to be used to help operate and maintain Park and Recreational Facilities and/or to retire Park and Recreation Bonds, in lieu of ¼% of the City's authority to levy up to a 1% sales and use tax under A.C.A. Ss14-164-327 (1987 and 1995 Suppl) solely for the purpose of retiring bonds; and

WHEREAS, the City Council has determined that the revenues received from the ¼% sales and use tax as levied may be used for the construction of new Park and Recreational Facilities; and

WHEREAS, Park and Recreational Facilities are defined to include any one or more of the following: public parks, playgrounds and other public space; marinas, swimming pools, tennis courts and camping facilities; convention, meeting and entertainment facilities; and other recreational facilities; and

WHEREAS, the Park and Recreational Facilities constitute capital improvements of a public nature as defined in A.C.A. Ss14-164-303 (a) (2) (1987 and 1995 Supp.);

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Eureka Springs, Arkansas:

Section 1. Under the authority of the Authorizing Legislation, there is hereby levied a one-quarter of one percent (1/4%) tax on the gross receipts from the sale at retail

within the City of all items which are subject to the Arkansas Gross Receipts Tax Act of 1941, as amended (A.C.A. Ss26-52-101, et seq.), and the imposition of an excise (or use) tax on the storage, use or other consumption within the City of tangible or personable property subject to the Arkansas Compensating Tax Act of 1949, as amended (A.C.A. Ss26-53-101, et seq.), at a rate of one-quarter of one percent (1/4%) of the sale price of the property or, in the case of leases or rentals, of the lease or rental price (collectively, the "Sale and Use Tax"). The Sales and Use Tax shall be levied and the collections shall be used solely to assist in funding (a) the operation and maintenance of park and Recreational Facilities, (b) the construction of new Park and Recreational Facilities and/or (c) the retirement of Park and Recreational Bonds; provided, however, that collections that may be used for construction are limited to collections of the Sales and Use Tax as levied for not more than the first 24 months. The Sales and Use Tax shall be levied and collected only to a maximum tax of \$6.25 for each single transaction.

Section 2. "Single transaction" is defined according to the nature of the goods purchased as follows:

- A. When two or more devices in which or by which any person or property is, or may be, transported or drawn, including but not limited to, on-road vehicles, whether required to be licensed or not, off-road vehicles, farm vehicles, airplanes, water vessels, motor vehicles, or non-motorized vehicles, and mobile homes, are sold to a person by a seller, each individual unit, whether part of a "fleet" sale or not, shall be treated as a single transaction for the purpose of the Sales and Use Tax.
- B. The charges for utility services, which are subject to the Sales and Use Tax, and which are furnished on a continuous service basis, whether such services are paid daily, weekly, monthly or annually, shall be computed in daily increments, and each such daily charge increment shall be considered to be a single transaction for the purposes of the Sales and Use Tax.
- C. For sales of building materials and supplies to contractors, builders or other persons, a single transaction, for the purposes of the Sales and Use Tax, shall be deemed to be any single sale which is reflected on a single invoice, receipt or statement, on which an aggregate sales (or use) tax figure has been reported and remitted to the State of Arkansas.
- D. When two or more items or major household appliances, commercial appliances, major equipment and machinery are sold, each individual unit shall be treated as a single transaction for the purposes of the Sales and Use Tax.
- E. For groceries, drug items, dry goods, and other tangible personal property and/or services not otherwise expressly covered in this Section, a single transaction shall be deemed to be any single sale which is reflected on a

single invoice, receipt or statement, on which an aggregate sales tax figure has been reported and remitted to the State of Arkansas.

Section 3. All ordinances and part thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 4. This ordinance shall not take effect until an election is held on the question of levying the Sales and Use Tax at which a majority of the electors voting on the question shall have approved the levy of the Sales and Use Tax.

PASSED: August 25th, 1998

ATTEST:

APPROVED:

Mary Ann Lee
City Clerk

Barbara O'Harris
Mayor

(Seal)