ORDINANCE NO. 1891A

AN ORDINANCE FOR THE LEVY OF A ONE-HALF OF ONE PERCENT SALES AND USE TAX, FOR A PERIOD OF FIVE (5) YEARS, WITHIN THE CITY OF EUREKA SPRINGS, ARKANSAS, TO BE USED FOR PARK AND RECREATIONAL PURPOSES; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City Council for the City of Eureka Springs, Arkansas (the "City") has determined that there is a need for a stable source of revenue to assist in funding park and recreational facilities; and

WHEREAS, Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation") provides for the levy of a city-wide sales and use tax or taxes at the rate of 1/8%, 1/4%, 1/2%, 3/4% or 1%, or any combination thereof; and

WHEREAS, the City is currently levying a city-wide sales and use tax at the rate of 1% under the authority of the Authorizing Legislation; and

WHEREAS, the City proposes to levy a one-half percent (1/2%) sales and use tax under the Authorizing Legislation;

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-half of one percent (1/2%) tax on the gross receipts from the sale at retail within the City of all items that are subject to the Arkansas Gross Receipts Tax Act of 1941, as amended (A.C.A. Section 26-52-101, et. seq.), and the imposition of an excise (or use) tax on the storage, use, distribution or other consumption within the City of tangible or personal property subject to the Arkansas Compensating Tax Act of 1949, as amended (A.C.A. Section 26-53-101, et seq.), at the rate of one-half of one percent (1/2%) of the sale price of the property or, in the case of leases or rentals, of the lease or rental price (collectively "the Sales and Use Tax"). The Sales and Use Tax shall be levied for a period of five (5) years and the collections received by the City after the State of Arkansas deducts its administrative charges shall be used solely to assist in funding (a) the operation and maintenance of park and recreational facilities, (b) the acquisition and construction of new or improved park and recreational facilities, (c) recreational programming, and/or (d) the retirement of any capital improvement bonds subsequently approved by the voters to acquire and construct new or improved park and recreational facilities. The Sales and Use Tax shall be levied and collected only on the first $2,500 of gross receipts, gross proceeds, or sales price from each single transaction.

Section 2. All ordinances and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 3. 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.

Section 4. Emergency Clause. Because of time constraints imposed by the general election in November and the critical importance of continuing tax revenues to support the city's parks and recreation programs, it is necessary for the public health, safety and welfare and continuance of public services that this ordinance shall take effect and be in force from and after its passage and approval.

PASSED: August 19, 2002.

ATTEST: APPROVED:

Mary Ann Lee
City Clerk

Bob Stori
Mayor

(Seal)