ORDINANCE NO. 2007-08

AN ORDINANCE PROVIDING FOR THE LEVY OF A ONE AND ONE-HALF PERCENT (1.5%) SALES AND USE TAX WITHIN THE CITY OF ATKINS, ARKANSAS TO PAY AND SECURE THE REPAYMENT OF BONDS ISSUED TO FINANCE ALL OR A PORTION OF THE COSTS OF WATER IMPROVEMENTS; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City Council of the City of Atkins, Arkansas (the "City") has determined that the City is in need of a source of revenue to pay and secure the repayment of bonds approved by the voters and issued by the City from time to time for the purpose of financing all or a portion of the costs of extensions, betterments and improvements to the City's water system ("Water Improvement Bonds"); and

WHEREAS, Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation") provides for the levy of city-wide sales and use taxes at the rate of 0.125%, 0.25%, 0.5%, 0.75% or 1%, or any combination thereof; and

WHEREAS, the City is currently levying a city-wide sales and use tax at the rate of 0.5% under the authority of the Authorizing Legislation; and

WHEREAS, the purpose of this Ordinance is to levy an additional city-wide sales and use tax at the rate of 1.5%, the net collections of which will be used to pay and secure the repayment of Water Improvement Bonds;

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

Section 1. Under the authority of the Authorizing Legislation, there is hereby levied a one and one-half percent (1.5%) tax on the gross receipts from the sale at retail within the City of all items which are subject to the Arkansas Gross Receipts Act of 1941, as amended (A.C.A. §§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 personal property subject to the Arkansas Compensating Tax Act of 1949, as amended (A.C.A. §§26-53-101, et seq.), at a rate of one and one-half percent (1.5%) 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 and collected on the gross receipts, gross proceeds

or sales price for each single transaction in the maximum amount allowed from time to time by Arkansas law.

Section 2. The Sales and Use Tax shall be levied, and the net collections received after the State of Arkansas deducts its administrative charges shall be used by the City to pay and secure the repayment of Water Improvement Bonds and all obligations of the City with respect thereto; provided, however, that any amounts not necessary to pay in full the Water Improvement Bonds and all obligations of the City with respect thereto may be used for water purposes.

Section 3. The Sales and Use Tax shall expire on the first date on which the Sales and Use Tax can be administratively removed when (a) there are sufficient funds to pay in full any outstanding Water Improvement Bonds secured by a pledge of collections of the Sales and Use Tax and (b) the City Council determines that the purposes of the Sales and Use Tax cannot be or cannot continue to be fulfilled because no Water Improvement Bonds secured by a pledge of collections of the Sales and Use Tax will be issued in the future.

Section 4. All ordinances and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 5. 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: April 24, 2007.

APPROVED:

ATTEST:

Brenda Brewer
City Clerk

Mayor

(SEAL)

CERTIFICATE

The undersigned, City Clerk of the City of Atkins, Arkansas, hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. 2007-08, passed at a special session of the City Council, held at the regular meeting place of the City Council at 7:00 o'clock p.m., on the 24th day of April, 2007, and that the Ordinance is of record in Ordinance Record Book No. _____, Page _____, now in my possession.

GIVEN under my hand and seal this 24th day of April, 2007.

Brenda Graves
City Clerk

(SEAL)