

NOTICE TO THE PUBLIC is hereby given that the following popular name and ballot title for a proposed constitutional amendment has been certified by the Arkansas Attorney General. Pursuant to Arkansas Constitution, Amendment 7, any party may contest the popular name and ballot title as an original action with the Arkansas Supreme Court after the Secretary of State has verified the petition as having the sufficient number of qualified electors' signatures to have the measure placed on the ballot at the next general election.

Notice of Certification of Sufficiency

Pursuant to A.C.A. § 7-9-107

On January 7, 2010, this office received Opinion No. 2009-212 from the Attorney General for the State of Arkansas whereby he approved and certified a Popular Name and Ballot Title. Pursuant to A.C.A. § 7-9-107 the Secretary of State shall also approve and certify the proposed Popular Name and Ballot Title as certified by the Attorney General.

Therefore, I, Charlie Daniels, Secretary of State, State of Arkansas, do hereby approve and certify the sufficiency of the following:

Popular Name

A CONSTITUTIONAL AMENDMENT TO REPEAL ALL STATE TAXES

AND ESTABLISH A FLAT RATE SALES TAX

Ballot Title

AN AMENDMENT PROVIDING THAT, EFFECTIVE JULY 1, 2012, ALL EXISTING TAXES LEVIED BY THE STATE'S GENERAL ASSEMBLY ARE REPEALED AND A FLAT RATE SALES TAX SHALL BE ENACTED. ALL REVENUES GENERATED BY ANY TAX LEVIED BY THE GENERAL ASSEMBLY WILL CEASE ON JULY 1, 2012, INCLUDING REVENUES FROM ALL CAPITAL GAINS TAXES, ALL CORPORATE TAXES, ALL INCOME TAXES, ALL PAYROLL TAXES, AND ALL REAL ESTATE TRANSFER TAXES. TO PROVIDE A SOURCE OF STATE REVENUE, THE GENERAL ASSEMBLY SHALL, BEFORE JULY 1, 2012, DETERMINE THE RATE OF THE FLAT RATE SALES TAX. THE GENERAL ASSEMBLY SHALL DETERMINE THE DISTRIBUTION OF THE FLAT RATE SALES TAX. THE RATE OF THE SALES TAX MAY IMPACT CURRENT REVENUES AND STATE SERVICES. THE GENERAL ASSEMBLY MAY CHANGE THE INITIAL RATE OF THE FLAT RATE SALES TAX BY A VOTE OF AT LEAST THREE-FOURTHS OF THE MEMBERS ELECTED TO EACH HOUSE. EACH CITIZEN WILL BE PAID A MONTHLY CITIZEN PAYMENT. THE MONTHLY PAYMENT WILL BE DETERMINED BY THE FOLLOWING FORMULA: THE RATE OF THE TAX MULTIPLIED BY THE VALUE OF THE POVERTY LEVEL DIVIDED BY TWELVE. THE ANNUAL POVERTY LEVEL SHALL BE DETERMINED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. THE FLAT RATE SALES TAX SHALL NOT INHIBIT OR AFFECT THE POWER OF A COUNTY OR MUNICIPALITY TO LEVY AND COLLECT LOCAL TAXES. NO FLAT RATE SALES TAX IS IMPOSED ON: A TAXABLE PROPERTY OR

SERVICE PURCHASED IN THE STATE FOR A BUSINESS PURPOSE; A TAXABLE PROPERTY OR SERVICE PURCHASED IN THE STATE FOR AN INVESTMENT PURPOSE AND HELD EXCLUSIVELY FOR AN INVESTMENT PURPOSE; A TAXABLE PROPERTY THAT HAS BEEN TAXED AT THE INITIAL RETAIL LEVEL AND IS TRANSFERRED BY A SUBSEQUENT SALE; EDUCATION TUITION FOR PRIMARY, SECONDARY, OR POSTSECONDARY LEVEL EDUCATION AND JOB-RELATED TRAINING COURSE; AND SERVICES REQUIRED BY FEDERAL, STATE OR LOCAL LAWS TO BE PERFORMED BY A PERSON.

(TEXT)

SECTION 1. Flat Rate Sales Tax.

(a) As used in this amendment:

(1) "Taxable property" means any property, including leaseholds of any term or rents with respect to such property, but excluding:

- (A) Intangible property,
- (B) Real property,
- (B) Used property; and,
- (C) Any service.

(2) "Intangible property" includes income, copyrights, trademarks, patents, goodwill, financial instruments, securities, commercial paper, debts, notes and bonds.

(3) "Flat rate sales tax" means a single, equal tax rate levied at the retail level of purchase as a percentage of the gross payment for taxable property or service sold in the state and purchased for final consumption in the state.

(4) "Citizen" means an individual satisfying all requirements for citizenship according to United States and Arkansas laws.

(5) "Head of household" means the person on which the household is dependent.

(A) Dependent and Spouse will both be treated as the head of household for the purposes of determining the citizen payment.

(6) "Service" means any useful labor performed by a person for another person for which the person performing the service is paid a wage, salary, or other compensation.

(7) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, agency, or instrumentality, public corporation, or any other legal or commercial entity.

(8) (A) "All state taxes" means taxes levied by the state of Arkansas on taxable property or service under the Arkansas Constitution and Arkansas Code Title 26, Subtitle 5 and specifically includes:

- (1) The capital gains tax;
- (2) The corporate tax;
- (3) Income taxes;
- (4) Payroll taxes; and,
- (5) The real estate transfer tax.

(B) "All state taxes" does not include taxes levied by a county or municipality or the uniform rate of ad valorem property-tax levied pursuant to the Arkansas Constitution.

(b) Effective July 1, 2012, all state taxes are repealed and a flat rate sales tax shall be enacted.

(c) No flat rate sales tax is imposed on:

(1) A taxable property or service purchased in the state for a business purpose;

(2) A taxable property or service purchased in the state for an investment purpose and held exclusively for an investment purpose;

- (3) A taxable property that has been purchased at the initial retail level and is transferred by a subsequent sale;
- (4) Education tuition for primary, secondary, or postsecondary level education and job-related training course;
 - (A) This does not include costs and fees associated with room, board, sports activities, recreational activities, hobbies, games, arts or crafts or cultural activities; and,
- (5) Services required by federal, state or local laws to be performed by a person.
- (d) This amendment shall not inhibit or affect the power of a county or municipality to levy and collect taxes.

SECTION 2. Flat Rate Sales Tax Rate.

- (a) The General Assembly shall determine the flat rate sales tax rate.
- (b) The General Assembly shall determine the distribution of the flat rate sales tax.
- (c) The General Assembly shall determine the flat rate sales tax before July 1, 2012.
- (d) The General Assembly may change the initial rate of the flat rate sales tax by a vote of at least three-fourths (3/4ths) of the members elected to each house.
- (e) The Arkansas Department of Finance and Administration shall promulgate rules and regulations necessary to administer the flat rate sales tax.

SECTION 3. Poverty Level.

- (a) The poverty guidelines shall be determined by the Department of Health and Human Services.
- (b) The annual poverty level shall be determined by the Department of Health and Human Services.
- (c) The poverty level shall be equal to each citizen irrespective of age or marital status.

SECTION 4. Citizen Payment.

- (a) Each citizen will be paid a monthly citizen payment.
 - (1) The payment will be equal to the flat rate sales tax multiplied by the value of the poverty level divided by twelve payments.
- (b) Each head of house shall receive the same payment amount multiplied by the number of dependents.
- (c) To receive a payment the head of house shall register dependents and pertinent information with the Arkansas Department of Finance and Administration according to forms prescribed by the Arkansas Department of Finance and Administration.
 - (1) Forms prescribed by the Arkansas Department of Finance and Administration shall not require more information than what is pertinent to promulgate its duties under this amendment and shall not conflict with the purpose and intent of this act.
- (d) The Arkansas Department of Finance and Administration shall promulgate rules and regulations to:
 - (1) Administer the distribution of the citizen payment; and,
 - (2) Distribute the flat rate sales tax.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Office of the Secretary of State on this the 7th day of January, 2010.

Charlie Daniels
Secretary of State
State of Arkansas

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