

**OFFICE OF THE CITY MANAGER  
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION  
FEBRUARY 20, 2018 AGENDA**

<b>Subject:</b>	<b>Action Required:</b>	<b>Approved By:</b>
<p>An ordinance to amend the Little Rock Code to deal with recent changes to the application of the taxes collected by the Advertising &amp; Promotion Commission</p>	<p style="text-align: center;">√ <b>Ordinance</b> Resolution Approval Information Report</p>	<p style="text-align: center;">Bruce T. Moore City Manager</p>
<b>SYNOPSIS</b>	<p>To update the terms of the Advertising &amp; Promotion Commission Gross Receipts Taxes that are collected.</p>	
<b>FISCAL IMPACT</b>	<p>There should be an increase in revenues as certain businesses will now clearly be subject to the Advertising &amp; Promotion taxes.</p>	
<b>RECOMMENDATION</b>	<p>Approval of the ordinance.</p>	
<b>BACKGROUND</b>	<p>The City is authorized to issue a gross receipts tax – commonly referred to as hamburger taxes – through the auspices of an Advertising &amp; Promotion (A&amp;P) Commission. The City has levied 2% taxes on hotel lodging and prepared food sales for many years and the proceeds from these taxes have been used to purchase land and construct both the Doubletree convention hotel, and the Marriott convention hotel, as well as the Statehouse Convention Center. In 2015, the City approved an additional two cent tax on lodging to be used in part for City parks purposes. The voters also authorized the City to pledge these last two cents to a bond issue to make improvements to MacArthur Park, particularly to the MacArthur Military History Museum, and to assist with capital improvements to the Arkansas Arts Center.</p>	

**BACKGROUND**

Since the taxes were originally approved, there have been significant changes in State Law, and also within the industry as to how matters are taxed and how the taxes are collected. This ordinance brings the City's up-to-date so the A&P Commission can properly collect the taxes owed.

Many of the changes are to conform with recent amendments to state statutes. Some of the changes are to recognize the online industry that books hotel rooms, rents private residences for individuals, or even arranges to have food from City restaurants delivered. In short, this is an ordinance to clean-up the existing ordinances.