

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

**BOARD OF DIRECTORS COMMUNICATION
SEPTEMBER 15, 2015 AGENDA**

Subject:	Action Required:	Approved By:
<p>A resolution to authorize reimbursement of 3/8-Cent Capital Sales and Compensating Use Tax receipts to the Little Rock Airport Commission; and for other purposes.</p> <p>Submitted By:</p> <p>Finance Department</p>	<p style="text-align: center;">Ordinance <input checked="" type="checkbox"/> Resolution Approval Information Report</p>	<p style="text-align: center;">Bruce T. Moore City Manager</p>
<p>SYNOPSIS</p> <p>FISCAL IMPACT</p> <p>RECOMMENDATION</p> <p>CITIZEN PARTICIPATION</p> <p>BACKGROUND</p>	<p>The resolution authorizes the reimbursement of 3/8-Cent Capital Sales and Compensating Use Tax receipts to the Little Rock Airport Commission that should have been sent to the Airport for Aviation Fuel Tax levies.</p> <p>None. The City is precluded from the receipt and expenditure of these monies by Federal Law. While there will be an initial reimbursement to the Commission, for the Airport, future receipts will be sent directly to the Airport by the Arkansas Department of Finance & Administration (DFA).</p> <p>Approval of the resolution.</p> <p>None. The decision was made after a legal opinion issued by Revenue Legal Counsel.</p> <p>As a part of Federal Aviation Administration (FAA) Grant assurances, an airport which receives grant funds from the FAA must also receive all local Sales and Compensating Use Tax revenues that are charged for the sale of aviation fuel. 49 U.S.C. § 47107(b) and 49 U.S.C. § 47133(a). On August 28, 2008, the City Attorney sent a memorandum to the Board of Directors that confirmed the City's obligation.</p>	

**BACKGROUND
CONTINUED**

In 2015, the Revenue Legal Counsel issued an opinion that this obligation also applies to the 3/8-Capital Improvement Sales and Compensating Use Taxes levied on aviation fuel purchases at the airport. Although the Federal Law permits these funds to be spent “for the capital and operating cost of the airport...” the City has noted that since the tax monies are collected for capital expenditures, they can only be used for capital expenditures pursuant to the Arkansas Constitution and Arkansas law.

The outstanding amount that the Commission should receive for the Airport is 273,810.30. The City and the Airport already have \$146,654.01 in a Capital Enhancement Fund and other monies for the airport that and have agreed to use these remaining funds for the payment. In addition, \$127,147.29 will be paid from future 3/8-Cent Capital Sales and Compensating Use Tax receipts.

The City has assurances that DFA will make the proper distributions in the future.