

# WELCOME TO LITTLE ROCK

If you are considering a move to Little Rock or have been a resident for a short time, you may have questions about Little Rock's tax rates. The following information includes a summary of various state and local taxes levied within the City of Little Rock.

For more information, please contact the Treasury Management Division at (501) 371-4567.

## **STATE, COUNTY, and MUNICIPAL TAXES**

### **Income Tax**

The State of Arkansas levies an income tax that is comparable to that of the federal income tax system. Annual state income tax returns are due at the same time that Federal returns are due, April 15th. For any information on State of Arkansas income taxes, please contact the Arkansas Department of Finance and Administration Income Tax Section, P.O. Box 3628, Little Rock, AR72203-3628, (501) 682-1100.

Pulaski County does not levy an income tax.

The City of Little Rock does not levy an income tax.

### **Sales & Use Tax**

The sales and use tax rate for the State of Arkansas is 6.5% imposed on sales of tangible personal property and various types of services. The Department of Finance and Administration strongly enforces the use tax on purchases made out-of-state when no sales tax has been paid to another state. If you purchase goods from the Internet, catalogs, television shopping networks or other out-of-state businesses and did not pay state and local sales tax at the time of the purchase, you must report and pay the 6.5% state rate and any local taxes directly to the state. Payment is remitted to the State of Arkansas, Department of Finance and Administration. Visit their website at <http://www.dfa.arkansas.gov>.

### **Local Sales Taxes**

Pulaski County levies a 1.0% sales tax on goods and services purchased in the county. This tax is remitted directly to the State of Arkansas, Department of Finance and Administration. The distribution is based on the Little Rock population as a percent of Pulaski County's total population. The City of Little Rock receives a pro-rata share of approximately 51% of this tax.

The City of Little Rock levies a 1.125% sales tax on goods and services purchased in the City. This local tax is remitted directly to the State of Arkansas, Department of Finance and Administration by vendors collecting the tax.

## **Local Tax Cap**

Local taxes are capped at \$25.00 per each 1% of tax assessed per "single transaction". In other words, local tax rates are only applied to the first \$2,500 of any single transaction. For individuals, the local tax cap applies only to sales of motor vehicles licensed for highway use, aircraft, watercraft, and manufactured housing, which are licensed at the County revenue office. Sellers will collect state, city and county taxes at their full rate on the invoice total for all other types of merchandise and sales of services. However, businesses, governmental agencies and non-profit organizations may claim a rebate for sales taxes paid in excess of the local cap on the monthly sales-tax reports filed with the State of Arkansas.

ATV's and other off-road vehicles and off-road motorcycles are not motor vehicles for highway use and are not eligible for the local tax cap.

## **Property Taxes**

Counties, cities and school districts are authorized to impose ad valorem taxes on real and personal property. The Pulaski County Treasurer's Office collects most property taxes. Property tax dollars support public schools and the services provided by local governments.

## **Residential Property**

Taxes are calculated by multiplying the "taxable value" (20% of the appraised value established by the Assessor) times the millage rate. A mill represents 1/10th of a cent. The millage rate in Little Rock, Arkansas is 70.50 mills with an effective tax rate of 1.41%.

Based on a \$200,000 owner-occupied residence assessed at 0.70500 millage rate, the property taxes would be \$2,820.

If you have established a one-year residency and you are 65 years of age or older, legally blind or permanently and totally disabled, you are eligible for a homestead exemption of \$350.

## **Personal Property Taxes**

Personal property taxes are collected annually on cars, motorcycles, recreational vehicles, boats and airplanes based on values listed in the Department of Finance and Administration publications. The value of your asset is multiplied by the assessment ratio to determine the assessed value. The applicable millage rate is multiplied by the assessed value of your vehicle to determine the amount of personal property tax that you owe.

Contact the Pulaski County Assessor's Office at (501) 340-6190 with any questions about real estate or personal property taxes.

## Millage Rates -

- There was an increase in the Library Capital Improvements from .0033 to .0038 in 2021.
- This includes the residents of Little Rock.
- Those attending school in Little Rock School District.
- The millage rate per thousand is \$70.50.

FUND		MUNICIPALITY		SCHOOL	
PULASKI GENERAL	0.005000	GENERAL FUND	0.005000	LITTLE ROCK	0.046400
		BOND & INTEREST	0.003000		
COUNTY HOSPITAL	0.000600	LIBRARY	0.003800	MILLAGE RATE	0.070500
ROAD FUND	0.001450	POLICE PENSION	0.001000	EFFECTIVE TAX RATE	1.41%
		FIRE PENSION	0.001000		
		PORT			
		CAPITAL IMPROVEMENTS	0.001800		
		ROAD	0.001450		

## Mixed Drink Supplemental Tax

The Department of Finance and Administration collects taxes on sales of alcoholic beverages. The Alcoholic Beverage Control Department is a part of the Arkansas Department of Finance and Administration. Each business is required to obtain a state permit and a city permit for authorization to sell mixed drinks. Both the state and the city impose supplemental taxes on the sale of mixed drinks. These taxes are remitted to the state and city respectively by the 20th of the following month. When the 20<sup>th</sup> of the month falls on a regular business day, (Monday – Friday) returns must be postmarked by the 20th to avoid a twenty-five percent (25%) late payment penalty.

The City of Little Rock imposes a 10% mixed drink supplemental tax on hotels, motels, restaurants, and bars. This tax is remitted directly to the City of Rock and is due on the 20th of the month following the mixed drink sales. If the 20th falls on a Sunday or Holiday the return must be postmarked the next business day to avoid a twenty-five percent (25%) late payment penalty.

The City of Little Rock imposes a 5% percent mixed drink supplemental tax on private clubs. This tax is remitted directly to the City of Little Rock and is due on the 20th of the month following the sale. If the 20th falls on a Sunday or Holiday the return must be postmarked the next business day to avoid a twenty-five percent (25%) late payment penalty.

Please remit any City of Little Rock supplemental taxes to the following address: *Treasury Management Division, City of Little Rock, 500 W. Markham St, Ste 100, Little Rock, AR 72201*. If you need reporting forms, please contact our office at (501) 371-4570.

**Cigarette Tax**

A cigarette tax is imposed at the rate of \$1.15 per pack. A tax is also imposed at the rate of 68% on tobacco products other than cigarettes.

**Advertising and Promotion Tax**

The Little Rock Convention & Visitors Bureau located at Markham and Broadway, Little Rock, AR 72201 is governed by the Advertising and Promotions Commission. You may call them at (501) 376-4781 or go to their website at <https://www.littlerock.com>.

The Advertising and Promotions Commission levies a 2% tax on the gross receipts from sales of prepared food and beverages in the City of Little Rock. The tax is collected by the facility and remitted directly to the Advertising & Promotions Commission. This tax does not apply to mixed drink sales. For more information, please contact the Advertising & Promotions Commission at (501) 370-3205.

In addition, the Advertising and Promotions Commission levies a 4% tax on the gross receipts from taxable sales of short term lodging services such as hotels, motels, Airbnb, etc. in the City of Little Rock. For more information on the taxes handled by the A & P Commission, please call (501) 376-4781.

**Motor Fuel Tax**

Every gallon of motor fuel purchased or used in Arkansas or purchased for sale in Arkansas is taxed. The tax is included in the price of each gallon of fuel at the pump. Gasoline is taxed at 24.5¢ per gallon. Diesel fuel is taxed at 28.5¢ per gallon. All revenue generated from these taxes is used to maintain Arkansas roads and highways.

**Business License Requirement**

Businesses located within the City of Little Rock are required to have a City of Little Rock Business or Privilege License. (See the link to "Starting Your Own Business in Little Rock and Obtaining Permits and Licenses").

Fees for Business Licenses are outlined in Chapter 17 of the Little Rock City Code of Ordinances, section 52. For a complete listing go to the following link:

<https://library.municode.com>

## State and Local Sales Tax Table

	State Sales Tax	County Sales Tax	City Sales Tax	State Rental Vehicle Tax	County Rental Vehicle Tax	Little Rock Vehicle Tax	State Tourism Tax	State Mixed Drink Tax	City Mixed Drink Tax	State Beer Excise Tax	State Liquor Excise Tax	A&P Hospitalit y Tax	Total
Groceries (Food Items)	0.125%	1.00%	1.125%										2.250%
Groceries (Non-Items)	6.50%	1.00%	1.125%										8.625%
Prepared Foods	6.50%	1.00%	1.125%									2.00%	10.625%
Retail (General)	6.50%	1.00%	1.125%										8.625%
Retail (Beer Sales)	6.50%	1.00%	1.125%							1.00%			9.625%
Retail (Liquor, Wine, & Specialties Sales)	6.50%	1.00%	1.125%								3.00%		11.625%
Taxable Services	6.50%	1.00%	1.125%										8.625%
Lodging	6.50%	1.00%	1.125%				2.00%					4.00%	14.625%
Restaurant & Bars (Food Sales)	6.50%	1.00%	1.125%									2.00%	10.625%
Restaurant & Bars (Mixed Drink Sales)	6.50%	1.00%	1.125%					14.00%	10.00%				32.625%
Restaurant & Bars (Beer & Wine Sales)	6.50%	1.00%	1.125%										8.625%
Private Clubs (Food Sales)	6.50%	1.00%	1.125%									2.00%	10.625%
Private Clubs (Mixed Drink Sales)	6.50%	1.00%	1.125%					14.00%	5.00%				27.625%
Private Clubs (Beer & Wine Sales)	6.50%	1.00%	1.125%										8.625%
Short Term Rental of Vehicles	6.50%	1.00%	1.125%	10.00%	1.00%	0.50%							20.125%

\*Cigarettes are taxed an additional \$1.15 per pack by the State of Arkansas on top of the 8.625% sales tax rate.