Denise Hurd
Clerk-Treasurer
cityclerk@conwayarkansas.gov

City of Conway
1111 Main Street
Conway, Arkansas 72032
501-450-6100

Operating a Restaurant in Conway or Operating a Private Club Serving Alcohol in Conway (Also-Hotel, Motel, Short-Term Rentals)

Restaurants: An A & P Permit is required by the City for businesses that sell prepared foods; the A & P Tax (AKA Hamburger Tax) levies an additional (two) **2% "City Tax"** on the sale of prepared foods. For further details and forms visit www.conwayarkansas.gov > Departments > City Clerk.

Permit Requirements:

- **A & P Permit Application:** Submit completed online application on the City Clerks page of the City Website.
- **A & P Permit Fee:** No charge.
- **Renewal:** The permit is not renewable; the A & P Permit shall expire at the time of cessation of the business of the taxpayer at the location designated on the permit; if you move your business to a new address, you must apply for a new A & P Permit number. A separate A & P Permit must be obtained for each location.

Other Information:

- No business license required; letter of verification is available upon request.
- Applications and payment forms can be picked up or printed from our website at https://conwayarkansas.gov/ > Departments > City Clerk.
- Total tax to be collected on prepared foods is 10.75%; sales tax break down attached.
- Contact the Arkansas Sales & Use Tax Dept. at 501-682-7104 to obtain a Sales & Use tax number.
- Contact the Faulkner County Health Dept. at 501-450-4941 to obtain State requirements. Submit a copy of certification to the City Clerk's Office.
- Please submit a copy of your menu for file.

A & P Prepared Food Tax (AKA HAMBURGER TAX) Ordinances:https://conwayarkansas.gov/archive/

Ordinance No. O-05-142: Pursuant to Act 185 of 1965, and as subsequently amended, the City of Conway has adopted ordinances **levying taxes upon the gross receipts from the renting, leasing, or otherwise furnishing of hotel, motel, or short term rental accommodations for sleeping, meeting, or party room for profit** in the City **and upon the gross receipts of restaurant, cafes, cafeterias, delicatessens, drive-in restaurants and similar businesses** as defined by the levying ordinance from the sale of prepared food for consumption on and off the premises of such establishment in the City of providing for other matters;
And the City desires to establish procedures for the collection and enforcement of said taxes that have been levied and administered by the City with the adoption of Ordinance No. O-00-01, Ordinance O-05-97, Ordinance no. O-05-98, and Ordinance No. O-05-131 pursuant to Act 185 of 1965, and as subsequently amended. Ordinances are available upon request or may be found at https://conwayarkansas.gov/archive/

Restaurants Selling Alcohol: Obtain from the City Clerk's office, the Application For Private Club Request, along with a copy of your application for license to the Arkansas State Beverage Control Board (ABC). There is a $250 fee to submit the Application. Your application will be placed on the Agenda to be presented to City Council for approval by City Ordinance. Upon approval of the Ordinance, you will submit a copy of the Ordinance along with the application for license to the ABC Board. ***Once your Private Club has been approved by the Arkansas State Beverage Control Board (ABC) a Supplemental Beverage permit is required by the city for Private Clubs.*** A (five) ***5.0%*** tax shall be collected and reported separately from your state taxes; for further details and forms visit https://conwayarkansas.gov/ > Departments > City Clerk.

Supplemental Beverage Permit Requirements:

- **Permit Application:** Submit completed online application on the City Clerks page of the City Website.
- **Initial Permit Fee:** "Initial" fee is $50.00 per year and $25.00 if obtained after July 1st.
- **Renewal Fee:** $50.00 annually; renewal application and payment must be received by December 1st.
- **Expiration:** The permit expires December 31st of each year.
- A copy of your State of Arkansas ABC Permit must be submitted with the application and payment before the permit will be issued.

Other Information

- No business license required; letter of verification is available upon request.
- Hand deliver, mail, or email application to denise.hurd@conwayarkansas.gov.
- Contact the Faulkner County Health Dept. at 501-450-4941 to obtain State requirements.
- Sales tax rate is attached.

Supplemental Beverage Ordinances:

Ordinance No. O-10-18: Established a permitting process and privilege permit for selling or dispensing any controlled beverage within the City of Conway, by businesses licensed by the State to sell Alcoholic beverages, and levied a city supplemental tax. **Effective date April 1, 2010.**

Ordinance No. O-11-54: Amending Ordinance No. O-10-18 increasing the supplemental tax levied to (five) **5%**. **Effective date August 1, 2011.** Ordinances are available by request or may be found at www.conwayarkansas.gov.

****For questions regarding Arkansas State taxes imposed on the sale of alcohol to a private club located in a dry county, contact the Arkansas Beverage Control office at 501-682-1105.**

Sales Tax Rate:

State – 6.50%
City – 2.125% (Effective 4/1/26)
County - .50%
Total – 8.75%

A&P – 2.00% (applies to prepared foods)
Total – 11.125%

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WHAT IS PREPARED FOODS AND THE A&P TAX?

The City of Conway enacted ordinances in 2005 which levies a two percent sales tax on the gross receipts of the sale of prepared food and beverages in the city**,** this is known as the A&P Tax. By state law, under this levy the tax is applied to restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry out restaurants, concession stands, convenience stores, grocery store, restaurants and similar businesses who sell prepared food or beverages for on or off premise consumption. This tax became effective November 1, 2005 and a businesses who engaged in the selling of prepared food will be required to collect the tax. This tax levy does not affect the sale of foods or beverages not deemed prepared, nor does the tax levy apply to those operations that are classified in the federal tax code as being a 501 (c) 3 tax exempt organization.

To facilitate the administration of this tax, the city adopted Ordinance O-05-142 setting regulations for the collection and enforcement of this tax. A copy of this ordinance can be found on the city's website at https://media.conwayarkansas.gov/media/archive/ordinances/2005/O-05-142.pdf and is subject to periodic change by city council action.

Businesses which are required to charge this tax shall be required to apply for a free but mandatory Advertising and Promotions Tax Permit. The A&P permit will allow the city to maintain more accurate records on the businesses collecting the tax, their location, the owners, mailing address, etc. Permits will be issued through the Office of the City Clerk upon the submittal of an application. Tax proceeds will be required to be remitted to the city every month, as well as monthly statements of gross receipts on the sale of prepared food and beverages at each business. Permit application forms and monthly tax statement forms are available through the Office of the City Clerk at City Hall, 1111 Main Street in Downtown Conway or may be downloaded from the city web site below:

Tax Form:
https://media.conwayarkansas.gov/media/documents/Monthly_AP_Tax_Remittance_Form_2025.pdf

Information Packet:
https://conwayarkansas.gov/city-clerk/

Taxes must be remitted by the twentieth (20th) day of the month following the collection month or be subject to penalties and interest. The Commission or its agent reserves the right to audit the business to insure proper payment of the tax. Enforcement for non-payment or improper payment could result in the legal action being pursued against the business. There is a two percent (2%) discount available to businesses that remit tax payments on or before the twentieth (20th) day of the month following collection. Procedures for the disputation of tax liability are also included in the collection and enforcement ordinance cited above.

While state law does allow for the collect ion of this tax, it does not offer clear definitions of what constitutes “prepared food and beverages”. These definitions are left to the local jurisdictions to define and apply. The City of Conway will make every effort to reasonably apply a uniform standard in its definition of what items should be taxed. Lacking clear legal definitions from the state, the city recognizes that legitimate questions of applicability could arise and that many items must be determined on a case by case basis. The Commission will gladly hear appeals from businesses as to the application of the tax to various items. However, appeals will not be allowed to delay the application of the tax for items to which the tax should reasonably be applied.

In general, the tax will be applicable to all restaurants and mobile food vendors and all products served in restaurants and mobile food vendors. Grocery, supermarket, or convenience store products are taxable only to the extent they are restaurant-style products. Beyond that generalization, a couple of guidelines can be used as rules of thumb:

- If a food or beverage is prepared on site, it is taxable.
- If it is served on site, it is taxable.
- If it is prepared off site in packages ready for retail sale, it is not taxable unless it is served.
- If it is prepared off-site but not prepackaged for retail sale, it is taxable.
- A can soda from a cooler in a convenience store is not taxable. A can soda served to a diner in a restaurant is taxable; a fountain soda is taxable either way.
- Pizzas delivered to homes or served in restaurants are taxable, but purchased pre-packaged in a grocery store are not taxable.
- Pre-packaged foods such as pizzas or burritos heated in a convenience store microwave are not taxable but the same type items not pre-packaged and selected out from under a heat lamp by the clerk at the same convenience store is taxable.
- Cheese dip served to restaurant diners is taxable as is cheese dip sold for take home. Cheese dip sold in retail ready packages at the cashier of the same restaurant is not taxable.
- Donuts boxed and packaged for retail are not taxable; unpackaged donuts served by wait staff or self-served individually are taxable.
- Potato chips sold in prepackaged retail ready lunch sizes are not taxable; the same package served with a meal is taxable, but the same package purchased in addition to a meal is not.

Any questions should be directed to the Business Agent for the Advertising and Promotion Commission:

HCJ CPAs & Advisors, PLLC
Charles Young: cyoung@hcjcpa.com
Aleigha E. Smith: asmith@hcjcpa.com
Ph: 501-221-1000

Or:

City Clerk Denise Hurd/Conway City Hall
1111 Main Street
Conway, Arkansas, 72032
501-513-3501

Advertising & Promotion Commission
Resolution No. 15-1

A RESOLUTION MEMORIALIZING, CLARIFYING AND REFINING THE STANDARD PROCESS FOR COLLECTION OF A&P TAXES AND ENFORCEMENT OF STATE LAWS AND CITY ORDINANCES APPLYING TO SAME, INCLUDING A PROCESS FOR REVOCATION OF A&P TAX PERMITS

WHEREAS, the Advertising and Promotion Commission of Conway, Arkansas (hereinafter "Commission") has recognized a need to document a standard process for handling delinquencies in remitting Advertising & Promotion taxes (hereinafter "A&P tax") collected, and other violations of city ordinances or state laws applicable to the assessment and collection of same; and

WHEREAS, Conway's Municipal Code Chapter 3.24 and Arkansas Code Annotated § 26-75-601 *et. seq.* authorizes establishes and authorizes the Commission to promulgate rules and policies to regulate the enforcement and collection of the A&P tax; and

WHEREAS, the Commission wishes to establish a standard process by which to address non-compliance with state laws and city ordinances governing the assessment and collection of A&P taxes, but which process shall not abrogate the Commission's ability to use its discretion in individual cases to determine the most appropriate method by which to ensure compliance

NOW, THEREFORE, BE IT RESOLVED BY THE ADVERTISING & PROMOTION COMMISSION OF THE CITY OF CONWAY, ARKANSAS THAT:

SECTION 1: The following standard process will be observed in cases of delinquencies in remitting A&P taxes collected, unless the Commission elects in individual cases to use its discretion to deviate from same, within the bounds of applicable law and ordinance:

A. Thirty (30) days delinquent: When an A&P Tax Permit Holder is thirty (30) days delinquent in payment of any A&P Tax due, the Permit Holder will receive Notice of Delinquency and Proposed Assessment and Notice of Intent to Revoke A&P Permit. These notices will inform the Permit Holder of the proposed assessment of delinquent A&P tax. These notices will also inform the Permit Holder that a hearing will be held by the Commission at a specific date, time and place, at which the Commission will make a final assessment of the A&P tax due for the affected period and a decision whether to revoke the Permit Holder's A&P Tax Permit for delinquency or other failure to comply.

B. Sixty (60) days delinquent: When an A&P Tax Permit Holder is approximately sixty (60) days delinquent in payment of any A&P Tax due, and for which delinquency the Permit Holder has received the notices described in Subsection A, above, the Commission will have a hearing at its next regularly scheduled meeting, at which a final assessment shall be made of the amount delinquent for the affected period, and a determination made whether to revoke the Permit Holder's A&P Permit. If a final assessment is approved, a Notice of Final Assessment will be executed and sent to the Permit Holder as soon as practicable after the meeting. If the Permit Holder's A&P Permit is revoked by vote of the Commission, then a Notice of Permit Revocation and Cease & Desist Letter, ordering the Permit Holder to cease transacting business in the City of Conway, will be executed and served on the Permit Holder as soon as practicable after the meeting.

C. Ninety (90) days delinquent: When an A&P Tax Permit Holder is ninety (90) days delinquent in payment of any A&P Tax due, a Certificate of Indebtedness shall be filed in the amount of the final assessment determined by the Commission. The Commission will also vote, at its next regularly scheduled meeting, on whether to authorize the City Attorney to take appropriate legal action if the Permit Holder's A&P Tax Permit has previously been revoked and the Permit Holder's business is still in operation.

D. One hundred twenty (120) delinquent: When an A&P Tax Permit Holder is one hundred twenty (120) days delinquent in payment of any A&P Tax due, the City Attorney's Office will take such further legal action against the Permit Holder as may be approved by the Commission.

SECTION 2: All notices, summons or other documents will be sent in a manner to provide legally sufficient service, which includes notices sent via mail to most recent address provided by the Permit Holder and, to the extent practical and/or required, served by Conway Code Enforcement. These documents will originate from the Commission or the Commission's authorized designee.

SECTION 3: The Commission will continue to make use of other efforts available to it to enforce City ordinances and State laws, including but not limited to, directing Code Enforcement to issue citations and audit procedures on each situation of delinquency and/or noncompliance.

PASSED this 10th day of November, 2015.

Approved:

Reggie Rose

Reggie Rose
President, A&P Commission

Attest:

Lisa Stephens

Lisa Stephens
Witness

RECEIVED
11-2-15
K. Francis

Conway Advertising & Promotion Commission Gross Receipts Tax Monthly Report

IMPORTANT: This report must be received by Conway A & P Commission on/or before the 30th day of the month (otherwise add penalty as instructed)

A & P Tax Permit Number Issued by City: ______________________________

Business Name: ______________________________

Owner's Name: ______________________________

Address 1: ______________________________

Address 2: ______________________________

City: ______________________ State: __________ Zip: __________

Payment for the Month of __________ , Year __________

(Each month must be reported separately. Report must be filed even if NO tax is due.)

Taxable Gross Receipts	$__________
Tax (2% of gross)	$__________
Less 2% of Tax (if paid by 20th of month)	$__________
Total	$__________
Penalty (5% after the 30th day of the month)	$__________
Total Tax Due	$__________

Make checks payable to Conway A & P Commission and mail or deliver to:

BY MAIL:	IN PERSON:
Conway A & P Commission PO Box 1404 Conway, AR 72033 – 1404	Centennial Bank – Main Office 620 Chestnut Conway, AR 72032

To make a secure online payment visit:

VisitConway.org > Forms and Resources > Pay A&P Taxes Online

I hereby state, avow, and affirm that the statements here are full, true and correct as required by provisions of Ark. Code Ann. 26-75-601 and City Ordinance No. 0-05-142, such regulations promulgated thereunder by the Conway Advertising & Promotion Commission.

Date Prepared: ______________________________

Signature of Owner, Officer, or Authorized Agent: ______________________________

For questions or comments, please contact:

HCJ CPAs & Advisors, PLLC Charles Young: cyoung@hcjcpa.com Aleigha E. Smith: asmith@hcjcpa.com Ph: 501-221-1000	Denise Hurd Conway City Clerk Conway City Hall 501-513-3501

Food and Alcohol Taxes in Conway, Arkansas Effective 4/1/2026

State	6.50%
City	2.125%
County	.50%
Total Base Tax	***9.125%***

Faulkner County is a "dry" county; restaurants in Conway are only allowed to sell alcohol once they have obtained a Private Club Permit from the Arkansas Alcohol Beverage Control Board.

Mixed Drinks/Liquor (holders of private club permits)

State Sales Tax -	6.50%
City Tax –	2.125%
Faulkner County Tax -	.50%
State on premise retail Tax –	10.00%
State Add'l Mixed Drink Tax -	4.00%
Conway Beverage Tax	5.00%
Total =	***28.125%***

Beer & Wine

State Sales Tax –	6.50%
City Sales Tax -	2.125%
State On Premise Retail Tax	10.00%
Faulkner County Tax -	.50%
Conway Beverage Tax –	5.00%
Total =	***24.125%***

Prepared Food

State Sales Tax –	6.50%
City Sales Tax -	2.125%
Faulkner County Tax -	.50%
Conway A&P Prepared Food Tax –	2.00%
Total =	***11.125%***

INSTRUCTIONS

1. All information supplied in this report should be on the basis of actual records and all records, including books of account, invoices, credit memoranda, refund slips and all other evidence of every kind which substantiate and prove the accuracy of the return as made on this form are required to be kept for (3) three years, and open to examination of Conway Advertising & Promotion Commission, or agent.

2. Unless otherwise specially instructed the total receipts to be reported in this return for the purpose of computation of tax due are the gross receipts from prepared food and drink.

3. Due Date – It is the duty of the Taxpayer to deliver the return on this form and payment to the Conway A & P Commission on or before the 20th day of each month for the preceding calendar month. The A & P Tax is due and payable as of the first day of each calendar month and shall be deemed delinquent if not paid on or before the first day of the next calendar month. (For example; the A & P Tax for January is due the first day of February; however, it is not delinquent until the second day of March.)

4. Discount – If the A & P Tax is delivered to the Conway A&P Commission on or before the 20th day of the month in which it is due, a 2% discount can be claimed on the tax due. (For example; if there is a $100.00 tax due for the month of January, the taxpayer is allowed a $2.00 discount if the tax is paid on or before February 20th, or if envelope is postmarked on or before February 20th.

5. Penalties & Tax – If the tax is not paid by the delinquency date (the second day of the month after the month in which the tax is due), a 5% penalty will be charged for each month past due up to 35% in aggregate; in addition to the penalty accessed simple interest on any unpaid A & P tax shall be assessed at the rate of 10% per annum from the delinquency date.

6. Acceptance by the Conway A & P Commission of the tax remitted with any return shall not be conclusive as to the correctness of the matters set forth by the taxpayer in the return and shall not be finally determinative of the amount of tax liability.

7. A report ***must*** be filed even if there is no tax due.

COMMENTS OR QUESTIONS PLEASE CONTACT:

HCJ CPAs & Advisors, PLLC
Charles Young: cyoung@hcjcpa.com
Aleigha E. Smith: asmith@hcjcpa.com
Ph: 501-221-1000

OR

Denise Hurd, Conway City Clerk
Conway City Hall
(501) 513-3501