

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative Flanagin**

A Bill

HOUSE BILL

For An Act To Be Entitled

8 "AN ACT TO LEVY A SEVEN AND ONE-HALF PERCENT (7.5%) SALES
9 AND USE TAX ON NATURAL GAS TO PROVIDE INCENTIVE GRANTS FOR
10 CONVERSION OF GOVERNMENT, SCHOOL AND MASS TRANSIT VEHICLES
11 TO NATURAL GAS; AND FOR OTHER PURPOSES."

Subtitle

14 "LEVY A 7.5% SALES AND USE TAX ON NATURAL GAS FOR
15 CONVERSION OF GOVERNMENT, SCHOOL AND MASS TRANSIT VEHICLES
16 TO NATURAL GAS."

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

20 SECTION 1. The Arkansas General Assembly finds it the policy of the
21 State of Arkansas to support the production, development, promotion and
22 utilization of natural gas as an alternative motor fuel. The Arkansas General
23 Assembly recognizes as the purpose of the act to decrease reliance of the
24 residents of Arkansas on imported oil as a major source of energy and to
25 encourage and assist governmental agencies in increasing their use of fuels
26 produced domestically.

28 SECTION 2. Definitions. For purposes of this act:

29 (a) "Natural gas" means natural gas as defined by Arkansas Code
30 Annotated §15-72-602.

31 (b) "Government vehicle" means any motor vehicle owned and operated by
32 the State of Arkansas, county, town or city within this state.

1 (c) "Motor vehicle" means motor vehicle as defined in Arkansas Code
2 Annotated §23-13-203.

3 (d) "Mass transit vehicle" means any motor vehicle used in the
4 transportation of persons for compensation.

5 (e) "School vehicle" means every motor vehicle owned by the State
6 Department of Education or any school district within this state.

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8 SECTION 3. (a) There is hereby created on the books of the State
9 Treasurer, State Auditor and Chief Fiscal Officer the Natural Gas Fuel
10 Conversion Fund.

11 (b) All monies credited to the Natural Gas Fuel Conversion Fund shall
12 be expended by the Arkansas Energy Office to reimburse expenses relative to
13 the conversion of government, school, and mass transit vehicles to be operated
14 by natural gas.

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16 SECTION 4. (a) The Arkansas Energy Office shall to the extent funds
17 are available reimburse the reasonable expenses of the conversion of
18 government, school, and mass transit vehicles which meet the requirements
19 prescribed by the regulations of the Arkansas Energy Office.

20 (b) Prior to expending any funds, the Arkansas Energy Office shall give
21 at least thirty (30) days notice to the Joint Interim Committee on Energy
22 regarding the proposed expenditure.

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24 SECTION 5. The Arkansas Energy Office shall adopt rules and regulations
25 necessary to carry out the provisions of this act.

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27 SECTION 6. In addition to the excise tax levied upon the gross proceeds
28 or gross receipts derived from the Arkansas Gross Receipts Act (Arkansas Code
29 of 1987 Annotated §26-52-101 et seq.), there is hereby levied tax of seven and
30 one-half percent (7 1/2%) upon gross receipts or gross proceeds derived from
31 the first sale of natural gas, and such tax shall be collected, reported, and
32 paid in the same manner and at the same time as is prescribed by law for the
33 collection, reporting and payment of all other Arkansas gross receipts taxes
34 levied by Arkansas Code §26-52-101 et. seq.

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1 SECTION 7. In addition to the excise tax levied upon the privilege of
2 storing, using, distributing or consuming tangible personal property within
3 the State by the Arkansas Compensating Tax Act (Arkansas Code of 1987
4 Annotated §26-53-101 et seq.), there is hereby levied tax of seven and one-
5 half percent (7 1/2%) upon gross receipts or gross proceeds derived from the
6 first sale of natural gas, and such tax shall be collected, reported, and paid
7 in the same manner and at the same time as is prescribed by law for the
8 collection, reporting and payment of Arkansas compensating taxes levied by
9 Arkansas Code §26-53-101 et seq.

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11 SECTION 8. This act shall take effect on July 1, 1993.

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13 SECTION 9. (a) All taxes, penalties, and costs collected under the
14 provisions of this act shall be deposited in the State Treasury to the credit
15 of the State Apportionment Fund.

16 (b) The State Treasurer, on or before the fifth of the month next
17 following the month during which the funds shall have been received by him
18 shall allocate the funds in the following manner:

19 (1) For the fiscal years 1993-94 through 1997-98, fifty percent
20 (50%) of the amount thereof shall be special revenues and shall be allocated
21 to the Natural Gas Fuel Conversion Fund; and

22 (2) For the fiscal years 1993-94 through 1997-98, fifty percent
23 (50%) of the amount thereof shall be deposited in the General Revenue Account;

24 (3) For the fiscal year 1998-99 and for each fiscal year
25 thereafter the entire amount shall be deposited in the General Revenue
26 Account.

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28 SECTION 10. All provisions of this act of a general and permanent
29 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
30 Code Revision Commission shall incorporate the same in the Code.

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32 SECTION 11. If any provision of this act or the application thereof to
33 any person or circumstance is held invalid, such invalidity shall not affect
34 other provisions or applications of the act which can be given effect without
35 the invalid provision or application, and to this end the provisions of this

1 act are declared to be severable.

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SECTION 12. EMERGENCY. It is hereby found and determined by the General Assembly that decreased reliance of the residents of Arkansas, on imported oil as a major source of energy is imperative to the State; that it is necessary to encourage and assist governmental agencies, private enterprise and the citizens of this State in decreasing their use of imported fuels and increasing their use of fuels produced domestically; that it is necessary for the state to contribute to the production, development, promotion and utilization of natural gas as an alternative motor fuels; and that this act is necessary to achieve these objectives. Therefore, an emergency is hereby declared to exist and this act, being necessary for the immediate preservation of the public peace, health and safety, shall be in full force and effect from and after July 1, 1993.

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