

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009

A Bill

HOUSE BILL 2120

4
5 By: Representative M. Burris
6
7

For An Act To Be Entitled

9 AN ACT TO REDUCE THE SALES AND USE TAX RATE ON
10 NATURAL GAS AND ELECTRICITY USED OR CONSUMED IN
11 MANUFACTURING IN THIS STATE; AND FOR OTHER
12 PURPOSES.
13

Subtitle

14 TO REDUCE THE SALES AND USE TAX RATE ON
15 NATURAL GAS AND ELECTRICITY USED OR
16 CONSUMED IN MANUFACTURING IN THIS STATE.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 26-52-319(a) concerning the excise tax on
23 the gross receipts or gross proceeds derived from the sale of natural gas and
24 electricity used by manufacturers is amended to read as follows:

25 (a)(1) Beginning July 1, ~~2007~~ 2009, in lieu of the gross receipts or
26 gross proceeds tax levied in §§ 26-52-301 and 26-52-302(a)-(d), there is
27 levied an excise tax on the gross receipts or gross proceeds derived from the
28 sale of natural gas and electricity to a manufacturer for use directly in the
29 actual manufacturing process at the rate of ~~four and three-eighths percent~~
30 ~~(4.375%)~~ two and seven-eighths percent (2.875%).

31 ~~(2) Beginning July 1, 2008, the tax rate levied in subdivision~~
32 ~~(a)(1) of this section shall be imposed at the rate of three and seven-eighths~~
33 ~~percent (3.875%).~~

34 ~~(3)(2)~~ The taxes levied in this subsection (a) shall be
35 distributed as follows:

36 (A) Seventy-six and six-tenths percent (76.6%) of the tax,



1 interest, penalties, and costs received by the Director of the Department of
 2 Finance and Administration shall be deposited as general revenues;

3 (B) Eight and five-tenths percent (8.5%) of the tax,
 4 interest, penalties, and costs received by the director shall be deposited
 5 into the Property Tax Relief Trust Fund; and

6 (C) Fourteen and nine-tenths percent (14.9%) of the tax,
 7 interest, penalties, and costs received by the director shall be deposited
 8 into the Educational Adequacy Fund.

9 ~~(4)~~(3)(A) The excise tax levied in this section applies only to
 10 natural gas and electricity sold for use directly in the actual manufacturing
 11 process.

12 (B) Natural gas and electricity sold for any other purpose
 13 shall be subject to the full gross receipts or gross proceeds tax levied
 14 under §§ 26-52-301 and 26-52-302(a)-(d).

15 ~~(5)~~(4) The excise tax levied in this section shall be collected,
 16 reported, and paid in the same manner and at the same time as is prescribed
 17 by law for the collection, reporting, and payment of all other Arkansas gross
 18 receipts taxes.

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 20 SECTION 2. Arkansas Code § 26-53-148(a) concerning the excise tax on
 21 the gross receipts or gross proceeds derived from the sale of natural gas and
 22 electricity used by manufacturers is amended to read as follows:

23 (a)(1) Beginning July 1, ~~2007~~2009, in lieu of the tax levied in §§ 26-
 24 53-106 and 26-53-107 (a)-(d), there is levied an excise tax on the sales
 25 price of natural gas and electricity purchased by a manufacturer for use
 26 directly in the actual manufacturing process at the rate of ~~four and three-~~
 27 ~~eighths percent (4.375%)~~ two and seven-eighths percent (2.875%).

28 ~~(2) Beginning July 1, 2008, the tax rate levied in subdivision~~
 29 ~~(a)(1) of this section shall be imposed at the rate of three and seven-eighths~~
 30 ~~percent (3.875%).~~

31 ~~(3)~~(2) The taxes levied in subsection (a) of this section shall
 32 be distributed as follows:

33 (A) Seventy-six and six-tenths percent (76.6%) of the tax,
 34 interest, penalties, and costs received by the Director of the Department of
 35 Finance and Administration shall be deposited as general revenues;

36 (B) Eight and five-tenths percent (8.5%) of the tax,

1 interest, penalties, and costs received by the director shall be deposited
2 into the Property Tax Relief Trust Fund; and

3 (C) Fourteen and nine-tenths percent (14.9%) of the tax,
4 interest, penalties, and costs received by the director shall be deposited
5 into the Educational Adequacy Fund.

6 ~~(4)~~(3)(A) The excise tax levied in this section applies only to
7 natural gas and electricity purchased for use directly in the actual
8 manufacturing process.

9 (B) Natural gas and electricity purchased for any other
10 purpose shall be subject to the full compensating use tax levied under §§ 26-
11 53-106 and 26-53-107 (a)-(d).

12 ~~(5)~~(4) The excise tax levied in this section shall be collected,
13 reported, and paid in the same manner and at the same time as is prescribed
14 by law for the collection, reporting, and payment of all other Arkansas
15 compensating use taxes.

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17 SECTION 3. Section 1 of this act is effective on the first day of the
18 second calendar month following the effective date of this act.

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