

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

SENATE BILL 834

4
5 By: Senator Horn
6
7

For An Act To Be Entitled

8
9 AN ACT TO REDUCE THE SALES AND USE TAX RATE ON
10 UTILITIES USED BY MANUFACTURERS; AND FOR OTHER
11 PURPOSES.
12

Subtitle

13
14 TO REDUCE THE SALES AND USE TAX RATE ON
15 UTILITIES USED BY MANUFACTURERS.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Arkansas Code § 26-52-319(a), concerning natural gas and
21 electricity used by manufacturers, is amended to read as follows:

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

28 ~~(2)(B)~~ Beginning July 1, 2008, and ending on June 30, 2009, the
29 tax rate levied in subdivision ~~(a)(1)(A)~~ of this section shall be
30 imposed at the rate of three and seven-eighths percent (3.875%).

31 (C) Beginning July 1, 2009, and ending on June 30, 2010,
32 the excise tax rate levied in subdivision (a)(1)(A) of this section shall be
33 imposed at the rate of two and seven-eighths percent (2.875%).

34 (D) Beginning July 1, 2010, and ending on June 30, 2011,
35 the excise tax rate levied in subdivision (a)(1)(A) of this section shall be
36 imposed at the rate of one and seven-eighths percent (1.875%).



1 (E) Beginning July 1, 2011, and ending on June 30, 2012,
2 the excise tax rate levied in subdivision (a)(1)(A) of this section shall be
3 imposed at the rate of seven-eighths percent (0.875%).

4 (F) Beginning July 1, 2012, the excise tax rate levied in
5 subdivision (a)(1)(A) of this section shall be imposed at the rate of one-
6 eighth percent (0.125%).

7 ~~(3)~~(2) The taxes levied in this subsection (a) shall be
8 distributed as follows:

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

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

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

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

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

24 ~~(5)~~(4) The excise tax levied in this section shall be collected,
25 reported, and paid in the same manner and at the same time as is prescribed
26 by law for the collection, reporting, and payment of all other Arkansas gross
27 receipts taxes.

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29 SECTION 2. Arkansas Code § 26-53-148(a), concerning natural gas and
30 electricity used by manufacturers, is amended to read as follows:

31 (a)(1)(A) Beginning July 1, 2007, in lieu of the tax levied in §§ 26-
32 53-106 and 26-53-107(a)-(d), there is levied an excise tax on the sales price
33 of natural gas and electricity purchased by a manufacturer for use directly
34 in the actual manufacturing process at the rate of four and three-eighths
35 percent (4.375%).

36 ~~(2)~~(B) Beginning July 1, 2008, and ending on June 30, 2009, the

1 tax rate levied in subdivision ~~(a)(1)~~(a)(1)(A) of this section shall be
 2 imposed at the rate of three and seven-eighths percent (3.875%).

3 (C) Beginning July 1, 2009, and ending on June 30, 2010,
 4 the excise tax rate levied in subdivision (a)(1)(A) of this section shall be
 5 imposed at the rate of two and seven-eighths percent (2.875%).

6 (D) Beginning July 1, 2010, and ending on June 30, 2011,
 7 the excise tax rate levied in subdivision (a)(1)(A) of this section shall be
 8 imposed at the rate of one and seven-eighths percent (1.875%).

9 (E) Beginning July 1, 2011, and ending on June 30, 2012,
 10 the excise tax rate levied in subdivision (a)(1)(A) of this section shall be
 11 imposed at the rate of seven-eighths percent (0.875%).

12 (F) Beginning July 1, 2012, the excise tax rate levied in
 13 subdivision (a)(1)(A) of this section shall be imposed at the rate of one-
 14 eighth percent (0.125%).

15
 16 ~~(3)~~(2) The taxes levied in subsection (a) of this section shall
 17 be distributed as follows:

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

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

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

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

30 (B) Natural gas and electricity purchased for any other
 31 purpose shall be subject to the full compensating use tax levied under §§ 26-
 32 53-106 and 26-53-107(a)-(d).

33 ~~(5)~~(4) The excise tax levied in this section shall be collected,
 34 reported, and paid in the same manner and at the same time as is prescribed
 35 by law for the collection, reporting, and payment of all other Arkansas
 36 compensating use taxes.

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SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that manufacturers in this state have suffered losses due to sharp increases in energy costs; that these manufacturers are unable to set the price for the products they produce and are particularly vulnerable to price volatility; that the current sales and use tax on utilities consumed by these manufacturers located within this state creates a competitive disadvantage; that this act is intended to address that problem by providing a reduced tax rate on utilities consumed by manufacturers located in this state; and that this act is necessary to prevent the loss of manufacturing jobs. Therefore, an emergency is hereby declared to exist and this act being necessary for the preservation of public peace, health, and safety shall become effective on July 1, 2009.