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2 92nd General Assembly
3 Regular Session, 2019

A Bill

HOUSE BILL 1495

4
5 By: Representatives Holcomb, Shepherd, Berry, Breaux, Brown, Christiansen, Coleman, Crawford, M.
6 Davis, Hollowell, Kelly, Lowery, Lynch, McNair, Richmond, Rye, Slape, B. Smith, Wardlaw, Wooten
7 By: Senators Rice, Bledsoe, Bond, E. Cheatham, L. Chesterfield, J. Cooper, L. Eads, Elliott, J. English,
8 Flippo, S. Flowers, J. Hendren, K. Ingram, Irvin, B. Johnson, M. Johnson, G. Leding, M. Pitsch, Rapert,
9 G. Stubblefield, J. Sturch, D. Wallace

For An Act To Be Entitled

10
11
12 AN ACT TO PROVIDE ADDITIONAL REVENUE TO MAINTAIN AND
13 REPAIR HIGHWAYS, STREETS, AND BRIDGES IN THE STATE;
14 TO LEVY A WHOLESALE SALES TAX ON MOTOR FUEL AND
15 DISTILLATE SPECIAL FUEL; TO IMPOSE ADDITIONAL VEHICLE
16 REGISTRATION FEES ON HYBRID AND ELECTRIC MOTOR
17 VEHICLES; TO DESIGNATE SPECIAL REVENUES TO BE USED TO
18 MAINTAIN AND REPAIR HIGHWAYS, STREETS, AND BRIDGES IN
19 THE STATE; TO TRANSFER FUNDS NEEDED TO PAY FOR THE
20 REPAIR AND MAINTENANCE OF HIGHWAYS, STREETS, AND
21 BRIDGES IN THE STATE; AND FOR OTHER PURPOSES.

Subtitle

22
23
24
25 TO PROVIDE ADDITIONAL REVENUE FOR THE
26 MAINTENANCE AND REPAIR OF HIGHWAYS,
27 STREETS, AND BRIDGES IN THE STATE.
28

29
30 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

31
32 SECTION 1. DO NOT CODIFY. Legislative findings and intent.

33 (a) The General Assembly finds that additional revenue will be
34 available to the state resulting from anticipated savings generated by the
35 transformation of state government, the creation of cabinet positions, and
36 other reductions in state government, and from the growth of casino gambling



1 resulting from the adoption of The Arkansas Casino Gaming Amendment of 2018,
2 Arkansas Constitution, Amendment 100.

3 (b) The General Assembly intends to use a portion of the anticipated
4 savings described in subsection (a) of this section to make additional
5 revenues available for use in maintaining and repairing public highways,
6 streets, and bridges in the state.

7
8 SECTION 2. Arkansas Code § 19-5-202(b)(2)(B), concerning the General
9 Revenue Fund Account, is amended to read as follows:

10 (B) From the net general revenue, after adding the advance
11 transfer, if any, the Treasurer of State shall make the following
12 distributions and shall notify the Auditor of State and the Chief Fiscal
13 Officer of the State:

14 (i) First, the Treasurer of State shall deduct one
15 percent (1%), which shall be transferred to the Constitutional Officers Fund,
16 as created in § 19-5-205(c). An appropriate percentage of not less than two
17 percent (2%) and not to exceed three percent (3%), as determined from time to
18 time by the Chief Fiscal Officer of the State as being the amount required to
19 support the estimated commitments and expenditures of the State Central
20 Services Fund for the current fiscal year, shall be transferred to the State
21 Central Services Fund, as created in § 19-5-205(e);

22 (ii) Next, any revenue deposited into the General
23 Revenue Fund Account of the State Apportionment Fund from the net casino
24 gaming receipts tax under § 5(c) of Section 1 of The Arkansas Casino Gaming
25 Amendment of 2018, Arkansas Constitution, Arkansas Constitution, Amendment
26 100, that exceeds thirty-one million two hundred thousand dollars
27 (\$31,200,000) in a fiscal year shall be held in a subaccount to be
28 transferred on the last business day of the fiscal year from the General
29 Revenue Fund Account of the State Apportionment Fund to the State Highway and
30 Transportation Department Fund;

31 (iii)(a) On the last business day of the fiscal year
32 ending June 30, 2020, and on the last business day of each following fiscal
33 year, the Chief Fiscal Officer of the State shall transfer on his or her
34 books and those of the Treasurer of State and the Auditor of State an amount
35 not to exceed thirty-five million dollars (\$35,000,000) from the funds
36 available in the Restricted Reserve Fund and from any other funds designated

1 by the Governor to the State Highway and Transportation Department Fund.

2 (b) The amount to be transferred under this
 3 subdivision (b)(2)(B)(iii) shall be calculated to provide the total sum of
 4 thirty-five million dollars (\$35,000,000) to the State Highway and
 5 Transportation Department Fund when combined with the funds transferred in
 6 that fiscal year from the General Revenue Fund Account of the State
 7 Apportionment Fund under subdivision (b)(2)(B)(ii) of this section;

8 (iv) Next, the Treasurer of State shall deduct an
 9 amount sufficient to pay for cash rebates which have been paid or approved
 10 for payment during the current month upon applications filed therefor as
 11 authorized in §§ 26-51-601 – 26-51-608 [repealed] and deduct an amount
 12 sufficient to pay for refunds made during that month to taxpayers from
 13 overpayment of the income tax as certified by the Chief Fiscal Officer of the
 14 State and transfer that amount to the Individual Income Tax Withholding Fund,
 15 Corporate Income Tax Withholding Fund, and Home Owners Tax Relief Fund, as
 16 applicable; and

17 ~~(iii)~~(v) The remaining revenue, known as general
 18 revenues available for distribution, in the General Revenue Fund Account of
 19 the State Apportionment Fund shall be distributed as provided by this chapter
 20 to the various funds and fund accounts as created and established in § 19-5-
 21 301 et seq. and to any other fund or fund account as may be authorized by
 22 law. The Treasurer of State, after distributing the general revenues
 23 available for distribution due each fund or fund account, shall deduct the
 24 amount of any advance transfers made during the month from the distribution
 25 to each applicable fund or fund account.

26
 27 SECTION 3. Arkansas Code § 19-5-1263, concerning the Restricted
 28 Reserve Fund, is amended to add an additional subsection to read as follows:

29 (e) The funds available in the Restricted Reserve Fund may be
 30 transferred as provided in § 19-5-202(b)(2)(B)(iii).

31
 32 SECTION 4. Arkansas Code § 19-6-301, concerning the enumeration of
 33 special revenues, is amended to add additional subdivisions to read as
 34 follows:

- 35 (263) The wholesale sales tax on motor fuel levied under § 26-64-101;
 36 (264) The wholesale sales tax on distillate special fuel levied under

1 § 26-64-102; and
 2 (265) Additional registration fees for electric vehicles and hybrid
 3 vehicles under § 27-14-614.
 4

5 SECTION 5. Arkansas Code § 19-6-405 is amended to read as follows:
 6 19-6-405. State Highway and Transportation Department Fund.

7 The State Highway and Transportation Department Fund shall consist of:

8 (1) That part of the special revenues as specified in § 19-6-
 9 301(2)-(4), (22), (81), (105)-(107), (182), and (256), known as “highway
 10 revenue”, as distributed under the Arkansas Highway Revenue Distribution Law,
 11 § 27-70-201 et seq., and § 27-70-103 and § 27-72-301 et seq.;

12 (2) Those special revenues specified in § 19-6-301(10), (152),
 13 (187), (239), and (241);

14 (3) Fifty percent (50%) of § 19-6-301(26);

15 (4) That portion of § 19-6-301(2) as set out in § 27-14-
 16 601(a)(3)(H)(ii)(f) ;

17 (5) That portion of § 19-6-301(222);

18 (6) Those designated revenues as set out in § 26-56-201(e)(1),
 19 which consist of the additional total of four cents (4¢) distillate special
 20 fuel taxes to be distributed as provided in the Arkansas Highway Financing
 21 Act of 1999, § 27-64-201 et seq.;

22 (7) Federal revenue sharing funds as set out in § 19-5-1005;

23 (8) The special revenues specified in § 26-64-103, which consist
 24 of the wholesale sales taxes on motor fuel and distillate special fuel;

25 (9) The special revenues specified in § 27-14-614, which consist
 26 of the additional registration fees on electric vehicles and hybrid vehicles;

27 and

28 ~~(8)~~(10) Any federal funds that may become available,
 29 there to be used for the maintenance, operation, and improvement required by
 30 the Arkansas Department of Transportation in carrying out the functions,
 31 powers, and duties as set out in Arkansas Constitution, Amendment 42, and §§
 32 27-65-102 – 27-65-107, 27-65-110, 27-65-122, and 27-65-124, and the other
 33 laws of this state prescribing the powers and duties of the department and
 34 the State Highway Commission.

35
 36 SECTION 6. Arkansas Code Title 26 is amended to add an additional

1 chapter to read as follows:

2 CHAPTER 64

3 WHOLESALE SALES TAX ON FUEL

4
5 26-64-101. Wholesale sales tax on motor fuel.

6 (a) As used in this section:

7 (1) "Average wholesale selling price" means the United States
8 Gulf Coast regular average wholesale selling price of motor fuel as published
9 in an index by the Energy Information Administration within the United States
10 Department of Energy or other similar reliable index if the index published
11 by the Energy Information Administration within the United States Department
12 of Energy is no longer available; and

13 (2) "Motor fuel" means the same as defined in § 26-55-202.

14 (b) In addition to the taxes levied in §§ 26-55-205, 26-55-1002, 26-
15 55-1006, 26-55-1201, and 26-56-601, there is levied a wholesale sales tax
16 upon the average wholesale selling price of motor fuel at the rate determined
17 under this section.

18 (c)(1) On or before October 1, 2019, the Director of the Department of
19 Finance and Administration shall determine the rate of the wholesale sales
20 tax levied under this section by multiplying the twelve-month average
21 wholesale selling price of motor fuel for the period of January 1, 2018,
22 through December 31, 2018, by one and six-tenths percent (1.6%).

23 (2) The wholesale sales tax rate determined under this
24 subsection is effective for the period of October 1, 2019, through September
25 30, 2020.

26 (3) To make the collection of the wholesale sales tax levied
27 under this subsection more efficient, the director shall convert the
28 wholesale sales tax calculated under subdivision (c)(1) of this section to a
29 cent-per-gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

30 (d)(1) Beginning July 1, 2020, and each July 1 thereafter, the
31 director shall calculate the wholesale sales tax levied under this section by
32 multiplying the twelve-month average wholesale selling price of motor fuel
33 for the period of January 1 through December 31 of the immediately preceding
34 year by one and six-tenths percent (1.6%).

35 (2) The wholesale sales tax rate calculated under this
36 subsection is effective for the twelve-month period beginning on October 1 of

1 the year in which the calculation is made under this subsection.

2 (3) To make the collection of the wholesale sales tax levied
3 under this subsection more efficient, the director shall convert the
4 wholesale sales tax calculated under subdivision (d)(1) of this section to a
5 cent-per-gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

6 (4)(A) If the twelve-month average wholesale selling price
7 calculated in subdivision (d)(1) of this section is more than the twelve-
8 month average wholesale selling price of the year preceding that calculation,
9 the director shall convert the resulting wholesale sales tax to a cent-per-
10 gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

11 (B) If the wholesale sales tax rate calculated in
12 subdivision (d)(1) of this section would result in an increase in the
13 wholesale sales tax of more than one-tenth of one cent (0.1¢) per gallon of
14 motor fuel when converted to a cent-per-gallon amount and rounded to the
15 nearest one-tenth of one cent (0.1¢), the percentage used in the calculation
16 of the wholesale sales tax rate under subdivision (d)(1) of this section
17 shall be limited to the highest percentage that results in a cents-per-gallon
18 amount that does not exceed one-tenth of one cent (0.1¢) for that twelve-
19 month period when rounded to the nearest one-tenth of one cent (0.1¢).

20 (5) If the twelve-month average wholesale selling price used for
21 the calculation in subdivision (d)(1) of this section is less than the
22 twelve-month average wholesale selling price of the preceding year, the
23 calculation under subdivision (d)(1) of this section shall not be made, and
24 the wholesale sales tax rate for the twelve-month period beginning October 1
25 shall be equal to the wholesale sales tax rate for the immediately preceding
26 twelve-month period.

27 (e) The wholesale sales tax levied under this section shall be paid by
28 motor fuel dealers to motor fuel distributors, who shall collect, report, and
29 remit the tax in the same manner and at the same time as is prescribed by law
30 for the collection, reporting, and payment of motor fuel taxes levied in
31 Title 26, Chapter 55, of the Arkansas Code.

32 (f) By August 1 of each year, the Department of Finance and
33 Administration shall publish the cent-per-gallon wholesale sales tax to be
34 collected by motor fuel dealers and paid to motor fuel distributors beginning
35 on October 1 of that year under this section and shall notify motor fuel
36 dealers and motor fuel distributors of the published amount.

1
2 26-64-102. Wholesale sales tax on distillate special fuel.

3 (a) As used in this section:

4 (1) "Average wholesale selling price" means the United States
5 Gulf Coast regular average wholesale selling price of distillate special fuel
6 as published in an index by the Energy Information Administration within the
7 United States Department of Energy or some other similar reliable index if
8 the index published by the Energy Information Administration within the
9 United States Department of Energy is no longer available; and

10 (2) "Distillate special fuel" means the same as defined in § 26-
11 56-102, except that it does not include distillate special fuel used for off-
12 road purposes as identified in § 26-56-224.

13 (b) In addition to the taxes levied in §§ 26-56-201, 26-56-502 and 26-
14 56-601, there is levied a wholesale sales tax upon the average wholesale
15 selling price of distillate special fuel at the rate determined under this
16 section.

17 (c)(1) On or before October 1, 2019, the Director of the Department of
18 Finance and Administration shall determine the rate of the wholesale sales
19 tax levied under this section by multiplying the twelve-month average
20 wholesale selling price of distillate special fuel for the period of January
21 1, 2018, through December 31, 2018, by two and nine-tenths percent (2.9%).

22 (2) The wholesale sales tax rate determined under this
23 subsection is effective for the period of October 1, 2019, through September
24 30, 2020.

25 (3) To make the collection of the wholesale sales tax levied
26 under this subsection more efficient, the director shall convert the
27 wholesale sales tax calculated under subdivision (c)(1) of this section to a
28 cent-per-gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

29 (d)(1) Beginning July 1, 2020, and each July 1 thereafter, the
30 director shall calculate the wholesale sales tax levied under this section by
31 multiplying the twelve-month average wholesale selling price of distillate
32 special fuel for the period of January 1 through December 31 of the
33 immediately preceding year by two and nine-tenths percent (2.9%).

34 (2) The wholesale sales rate calculated under this subsection is
35 effective for the twelve-month period beginning on October 1 of the year in
36 which the calculation is made under this subsection.

1 (3) To make the collection of the wholesale sales tax levied
2 under this subsection more efficient, the director shall convert the
3 wholesale sales tax calculated under subdivision (d)(1) of this section to a
4 cent-per-gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

5 (4)(A) If the twelve-month average wholesale selling price
6 calculated in subdivision (d)(1) of this section is more than the twelve-
7 month average wholesale selling price of the year preceding that calculation,
8 the director shall convert the resulting wholesale sales tax to a cent-per-
9 gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

10 (B) If the wholesale sales tax rate calculated in
11 subdivision (d)(1) of this section would result in an increase in the
12 wholesale sales tax of more than one-tenth of one cent (0.1¢) per gallon of
13 distillate special fuel when converted to a cent-per-gallon amount and
14 rounded to the nearest one-tenth of one cent (0.1¢), the percentage used in
15 the calculation of the wholesale sales tax rate under subdivision (d)(1) of
16 this section shall be limited to the highest percentage that results in a
17 cents-per-gallon amount that does not exceed one-tenth of one cent (0.1¢) for
18 that twelve-month period when rounded to the nearest one-tenth of one cent
19 (0.1¢).

20 (5) If the twelve-month average wholesale selling price used for
21 the calculation in subdivision (d)(1) of this section is less than the
22 twelve-month average wholesale selling price of the preceding year, the
23 calculation under subdivision (d)(1) of this section shall not be made, and
24 the wholesale sales tax rate for the twelve-month period beginning October 1
25 shall be equal to the wholesale sales tax rate for the immediately preceding
26 twelve-month period.

27 (e) The wholesale sales tax levied under this section shall be paid by
28 distillate special fuel dealers to distillate special fuel suppliers, who
29 shall collect, report, and remit the tax in the same manner and at the same
30 time as is prescribed by law for the collection, reporting, and payment of
31 distillate special motor fuel taxes levied in Title 26, Chapter 56, of the
32 Arkansas Code.

33 (f) By August 1 of each year, the Department of Finance and
34 Administration shall publish the cent-per-gallon wholesale sales tax to be
35 collected by distillate special fuel dealers and paid to distillate special
36 fuel suppliers beginning on October 1 of each year under this section and

1 shall notify distillate special fuel dealers and distillate special fuel
 2 suppliers of the published amount.

3
 4 26-64-103. Disposition of revenues.

5 The wholesale sales taxes collected under this chapter are special
 6 revenues and shall be distributed under § 27-70-206.

7
 8 26-64-104. Reporting and disclosure requirements.

9 (a)(1) Each city and county that expends revenues distributed under
 10 this chapter shall submit a report to the Director of the Department of
 11 Finance and Administration no later than June 30 of each year detailing the:

12 (A) Amount of revenues received under this chapter;

13 (B) Expenditures made from the revenues received under
 14 this chapter; and

15 (C) Projects funded using revenues received under this
 16 chapter.

17 (2) The director may undertake an investigation of the
 18 expenditures reported by the cities and counties under subdivision (a)(1) of
 19 this section, including without limitation using the audit procedures under
 20 the Arkansas Tax Procedure Act, § 26-18-101 et seq., to verify compliance
 21 with this chapter.

22 (b) The Arkansas Department of Transportation shall make a report
 23 available to the Governor and the Legislative Council no later than November
 24 1 of each year detailing the expenditures of the revenues distributed to the
 25 department under this chapter, including without limitation the expenditures
 26 made from the revenues received under this chapter and the projects funded
 27 using revenues received under this chapter.

28
 29 SECTION 7. Arkansas Code Title 27, Chapter 14, Subchapter 6, is amended
 30 to add an additional section to read as follows:

31 27-14-614. Additional fee for electric vehicles and hybrid vehicles.

32 (a) As used in this section:

33 (1) "Electric vehicle" means a vehicle that:

34 (A) Is propelled by an electric motor powered by a battery
 35 or other electrical device incorporated into the vehicle; and

36 (B) Is not propelled by an internal combustion engine; and

1 (2) "Hybrid vehicle" means a vehicle that draws propulsion
2 energy from both an internal combustion engine and an energy storage device.

3 (b) In addition to the other fees required to be paid to register a
4 vehicle under this subchapter, there is levied an annual fee of:

5 (1) Two hundred dollars (\$200) for each electric vehicle
6 registered; and

7 (2) One hundred dollars (\$100) for each hybrid vehicle
8 registered.

9 (c) The revenues collected under this section are special revenues and
10 shall be distributed to the State Highway and Transportation Department Fund.

11
12 SECTION 8. EFFECTIVE DATE. Sections 4-7 of this act are effective on
13 the first day of the calendar quarter following the effective date of this
14 act.