

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

HOUSE BILL 1889

5 By: Representative Penzo
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For An Act To Be Entitled

8 AN ACT TO PROVIDE FUNDING FOR THE MAINTENANCE,
9 REPAIR, AND CONSTRUCTION OF HIGHWAYS, ROADS, STREETS,
10 AND BRIDGES IN THE STATE; TO CREATE A SALES AND USE
11 TAX EXEMPTION FOR CONSTRUCTION MATERIALS USED BY THE
12 ARKANSAS DEPARTMENT OF TRANSPORTATION IN PUBLIC
13 CONSTRUCTION PROJECTS; TO DEDICATE AN INCREASING
14 PORTION OF THE SALES AND USE TAXES COLLECTED ON THE
15 SALES AND PURCHASES OF NEW AND USED MOTOR VEHICLES TO
16 PROVIDE FUNDING FOR THE MAINTENANCE, REPAIR, AND
17 CONSTRUCTION OF HIGHWAYS, ROADS, STREETS, AND BRIDGES
18 IN THE STATE; TO AMEND THE DISTRIBUTION OF FUNDS
19 UNDER THE ARKANSAS HIGHWAY REVENUE DISTRIBUTION LAW;
20 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
21

Subtitle

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23
24 TO PROVIDE FUNDING FOR THE MAINTENANCE,
25 REPAIR, AND CONSTRUCTION OF HIGHWAYS,
26 ROADS, STREETS, AND BRIDGES IN THE STATE
27 THROUGH CHANGES IN THE TAX LAWS AND MOTOR
28 VEHICLES LAWS; AND TO DECLARE AN
29 EMERGENCY.
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32 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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34 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4 is amended
35 to add an additional section to read as follows:

36 26-52-452. Construction materials for public construction projects.



1 (a) As used in this section:

2 (1)(A) "Eligible construction material" means tangible personal
 3 property used directly as part of a public construction project, including
 4 without limitation construction materials and consumables that are used in a
 5 public construction project that will remain part of the completed public
 6 construction project or are consumed in the construction process.

7 (B) "Eligible construction material" does not include
 8 construction equipment and tools, motor vehicle fuel, and other tangible
 9 personal property that may be used for purposes of a public construction
 10 project that do not remain part of the public construction project or are not
 11 consumed during the construction process;

12 (2)(A) "Public construction project" means a construction
 13 project initiated by the Arkansas Department of Transportation and paid for
 14 with public funds.

15 (B) "Public construction project" includes only the
 16 portion of the construction project that is paid for with public funds;

17 (3) "Public entity" means the state, a political subdivision of
 18 the state, and the United States Government; and

19 (4) "Public funds" means funds or guarantees from a public
 20 entity.

21 (b) The gross receipts or gross proceeds derived from the sale of an
 22 eligible construction material are exempt from the gross receipts tax levied
 23 under this chapter and the compensating use tax levied under the Arkansas
 24 Compensating Tax Act of 1949, § 26-53-101 et seq.

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 26 SECTION 2. Arkansas Code § 26-52-510, concerning the payment of sales
 27 tax on a new or used motor vehicle, trailer, or semitrailer, is amended to
 28 add additional subsections to read as follows:

29 (h)(1) By September 1 of each year, the Chief Fiscal Officer of the
 30 State shall determine as a monthly allocation an amount equivalent to the
 31 percentages stated in subsection (i) of this section of the total net general
 32 revenues enumerated in § 19-6-201(1) and (2) that were collected as sales and
 33 use tax under § 26-52-301, § 26-52-302(a), § 26-52-302(b)(1), § 26-52-303, §
 34 26-52-607, § 26-53-106, § 26-53-107(a), and § 26-53-107(b)(1), on the sale of
 35 new or used motor vehicles, trailers, or semitrailers required to be licensed
 36 in this state.

1 (2) After making the deductions required under § 19-5-
2 202(b)(2)(B)(i), on the last day of each month the Chief Fiscal Officer of
3 the State shall certify the allocation determined under subdivision (h)(1) of
4 this section to the Treasurer of State, who shall transfer the certified
5 allocation as follows:

6 (A) Seventy percent (70%) credited to the State Highway
7 and Transportation Department Fund, which shall be used for the construction,
8 reconstruction, and maintenance of highways, roads, streets, bridges, and
9 extensions of highways, roads, streets, and bridges located within the state;

10 (B) Fifteen percent (15%) credited to the County Aid Fund,
11 which shall be used for the construction, reconstruction, and maintenance of
12 highways, roads, streets, bridges, and extensions of highways, roads,
13 streets, and bridges located within the county; and

14 (C) Fifteen percent (15%) credited to the Municipal Aid
15 Fund, which shall be used for the construction, reconstruction, and
16 maintenance of highways, roads, streets, bridges, and extensions of highways,
17 roads, streets, and bridges located within the municipality.

18 (i) In making a determination under subsection (h) of this section,
19 the Chief Fiscal Officer of the State shall use the following percentages:

- 20 (1) Beginning September 1, 2019, ten percent (10%);
21 (2) Beginning September 1, 2020, twenty percent (20%);
22 (3) Beginning September 1, 2021, thirty percent (30%);
23 (4) Beginning September 1, 2022, forty percent (40%);
24 (5) Beginning September 1, 2023, fifty percent (50%);
25 (6) Beginning September 1, 2024, sixty percent (60%);
26 (7) Beginning September 1, 2025, seventy percent (70%);
27 (8) Beginning September 1, 2026, eighty percent (80%);
28 (9) Beginning September 1, 2027, ninety percent (90%); and
29 (10) Beginning September 1, 2028, and thereafter, one hundred
30 percent (100%).

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32 SECTION 3. Arkansas Code § 26-53-126, concerning the payment of use
33 tax on new or used motor vehicles, trailers, or semitrailers, is amended to
34 add additional subsections to read as follows:

35 (g)(1) By September 1 of each year, the Chief Fiscal Officer of the
36 State shall determine as a monthly allocation an amount equivalent to the

1 percentages stated in subsection (h) of this section of the total net general
2 revenues enumerated in § 19-6-201(1) and (2) that were collected as sales and
3 use tax under § 26-52-301, § 26-52-302(a), § 26-52-302(b)(1), § 26-52-303, §
4 26-52-607, § 26-53-106, § 26-53-107(a), and § 26-53-107(b)(1), on the sale of
5 new or used motor vehicles, trailers, or semitrailers required to be licensed
6 in this state.

7 (2) After making the deductions required under § 19-5-
8 202(b)(2)(B)(i), on the last day of each month the Chief Fiscal Officer of
9 the State shall certify the allocation determined under subdivision (g)(1) of
10 this section to the Treasurer of State, who shall transfer the certified
11 allocation as follows:

12 (A) Seventy percent (70%) credited to the State Highway
13 and Transportation Department Fund, which shall be used for the construction,
14 reconstruction, and maintenance of highways, roads, streets, bridges, and
15 extensions of highways, roads, streets, and bridges located within the state;

16 (B) Fifteen percent (15%) credited to the County Aid Fund,
17 which shall be used for the construction, reconstruction, and maintenance of
18 highways, roads, streets, bridges, and extensions of highways, roads,
19 streets, and bridges located within the county; and

20 (C) Fifteen percent (15%) credited to the Municipal Aid
21 Fund, which shall be used for the construction, reconstruction, and
22 maintenance of highways, roads, streets, bridges, and extensions of highways,
23 roads, streets, and bridges located within the municipality.

24 (h) In making a determination under subsection (g) of this section,
25 the Chief Fiscal Officer of the State shall use the following percentages:

- 26 (1) Beginning September 1, 2019, ten percent (10%);
27 (2) Beginning September 1, 2020, twenty percent (20%);
28 (3) Beginning September 1, 2021, thirty percent (30%);
29 (4) Beginning September 1, 2022, forty percent (40%);
30 (5) Beginning September 1, 2023, fifty percent (50%);
31 (6) Beginning September 1, 2024, sixty percent (60%);
32 (7) Beginning September 1, 2025, seventy percent (70%);
33 (8) Beginning September 1, 2026, eighty percent (80%);
34 (9) Beginning September 1, 2027, ninety percent (90%); and
35 (10) Beginning September 1, 2028, and thereafter, one hundred
36 percent (100%).

1
2 SECTION 4. Arkansas Code § 27-70-206 is amended to read as follows:

3 27-70-206. Distribution to state funds.

4 Excluding the interest income classified as special revenue under § 27-
5 70-204(b)(1), all highway revenues ~~which~~ that are available for distribution
6 during each fiscal year shall be transferred to the following State Treasury
7 funds, and in the order specified, with transfers to be made monthly until
8 all available revenues have been transferred:

9 (1) ~~First, except as provided by § 19-5-207, three percent (3%)~~
10 ~~of the amount thereof to the Constitutional Officers Fund and the State~~
11 ~~Central Services Fund, there to be used for the purposes specified for each~~
12 ~~fund by the Revenue Stabilization Law, § 19-5-101 et seq.;~~

13 ~~(2) Next~~ First, to the Gasoline Tax Refund Fund, such amount as
14 the Director of the Department of Finance and Administration ~~shall, from time~~
15 ~~to time, certify~~ certifies to the Treasurer of State as being necessary to
16 pay approved gasoline tax refund claims under ~~the provisions of §§ 26-55-301~~
17 ~~—26-55-321 [Repealed] and §§ 26-55-401 – 26-55-408,~~ or other applicable law.
18 However, the aggregate total amount of all transfers under this ~~paragraph~~
19 subdivision shall not exceed two million five hundred thousand dollars
20 (\$2,500,000) during any fiscal year; and

21 ~~(3)(2) After~~ Next, after meeting the requirements ~~set out~~ stated
22 in ~~subdivisions (1) and (2)~~ subdivision (1) of this section, all remaining
23 highway revenues ~~which~~ that are available for distribution during each fiscal
24 year shall be transferred in the following manner: Fifteen percent (15%) of
25 the amount thereof to the County Aid Fund; fifteen percent (15%) of the
26 amount thereof to the Municipal Aid Fund; and seventy percent (70%) of the
27 amount thereof to the State Highway and Transportation Department Fund.

28
29 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
30 General Assembly of the State of Arkansas that the highways, roads, streets,
31 and bridges of this state are in dire need of construction, reconstruction,
32 and maintenance; that well-maintained roadways are necessary for economic
33 development in this state; that exempting certain purchases of the Arkansas
34 Department of Transportation from sales and use taxes will enable the
35 department to dedicate more funds toward constructing, reconstructing, and
36 maintaining the roadways in the state; that dedicating a portion of the sales

1 and use taxes on the sale of new and used motor vehicles, trailers, and
2 semitrailers is necessary to help pay for the construction, reconstruction,
3 and maintenance of our roadways; and that in order to lessen the loss of this
4 money from general revenue, the transfer of the sales and use taxes will be
5 phased in over a ten-year period. Therefore, an emergency is declared to
6 exist, and this act being necessary for the preservation of the public peace,
7 health, and safety shall become effective on July 1, 2019.

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