

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1160

5 By: Representative Webb
6

For An Act To Be Entitled

8 AN ACT TO AMEND ARKANSAS LAW TO ALLOW TAXPAYERS
9 REPORTING MINIMAL AMOUNTS OF SEVERANCE TAX TO REPORT
10 AND PAY ON A QUARTERLY OR ANNUAL BASIS BASED UPON THE
11 AMOUNT OF TAX PREVIOUSLY REPORTED; AND FOR OTHER
12 PURPOSES.
13
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Subtitle

15 AN ACT TO ALLOW TAXPAYERS PAYING MINIMUM
16 AMOUNTS OF SEVERANCE TAX TO REPORT AND
17 PAY QUARTERLY OR ANNUALLY.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code § 26-58-114(a) and (b), concerning severance
24 taxes, is amended to read as follows:

25 (a)(1) Each producer of natural resources, excluding natural gas, and
26 each primary processor of timber, whether or not he or she shall have
27 actually severed natural resources, excluding natural gas, or processed
28 timber during the preceding month, shall file a report within twenty-five
29 (25) days after the end of each month with the Director of the Department of
30 Finance and Administration in a form prescribed by the director that states:

31 ~~(1)~~(A) The kind of natural resources or timber, if any,
32 severed by such producer or processed or acquired for processing by the
33 primary processor during the next preceding month;

34 ~~(2)~~(B) The point of severance;

35 ~~(3)~~(C) The gross quantity severed and the cash value;

36 ~~(4)~~(D) The amount of severance tax due; and



1 ~~(5)~~(E) Any other information as the director may
 2 reasonably require for the enforcement of this subchapter.

3 (2)(A) When the average amount of severance tax for which the
 4 taxpayer is liable for the previous fiscal year beginning on July 1 and
 5 ending on June 30 does not exceed one hundred dollars (\$100) per month, the
 6 director may notify the taxpayer that a quarterly report and remittance in
 7 lieu of a monthly report may be made.

8 (B) Each quarterly report and remittance shall be due on
 9 or before the twenty-fifth day of the month following the last month of the
 10 quarter for which the report is made, respectively January 25, April 25, July
 11 25, and October 25 of each year.

12 (3) When the average amount of severance tax for which the
 13 taxpayer is liable for the previous fiscal year beginning on July 1 and
 14 ending on June 30 does not exceed twenty-five dollars (\$25.00) per month, the
 15 director may notify the taxpayer that an annual report and remittance in lieu
 16 of a monthly report may be made on or before January 25 of each year for the
 17 preceding calendar year.

18 (b)(1)(A) A producer of natural gas shall file with the director a
 19 report, in a form or forms prescribed by the director, that states:

20 ~~(A)~~(i) The natural gas, if any, severed by the
 21 producer for each calendar month;

22 ~~(B)~~(ii) The point of severance;

23 ~~(C)~~(iii) The gross quantity severed and the market
 24 value;

25 ~~(D)~~(iv) The amount of severance tax due; and

26 ~~(E)~~(v) Any other information as the director may
 27 reasonably require for the enforcement of this subchapter.

28 ~~(2)~~(B) The producer shall file the monthly report required
 29 under subdivision (b)(1)(A) of this section on or before the twenty-fifth day
 30 of the second month following the month that is covered by the report.

31 ~~(3)~~(C) The producer is required to file a report with the
 32 director for each month whether or not the producer has actually severed
 33 natural gas during the month.

34 (2)(A) When the average amount of severance tax for which the
 35 taxpayer is liable for the previous fiscal year beginning on July 1 and
 36 ending on June 30 does not exceed one hundred dollars (\$100) per month, the

1 director may notify the taxpayer that a quarterly report and remittance in
 2 lieu of a monthly report may be made.

3 (B) Each quarterly report and remittance shall be due on
 4 or before the twenty-fifth day of the second month following the last month
 5 of the quarter for which the report is made, respectively February 25, May
 6 25, August 25, and November 25 of each year.

7 (3) When the average amount of severance tax for which the
 8 taxpayer is liable for the previous fiscal year beginning on July 1 and
 9 ending on June 30 does not exceed twenty-five dollars (\$25.00) per month, the
 10 director may notify the taxpayer that an annual report and remittance in lieu
 11 of a monthly report may be made on or before February 25 of each year for the
 12 preceding calendar year.

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 14 SECTION 2. Arkansas Code § 26-58-115(a), concerning severance tax
 15 reports, is amended to read as follows:

16 (a) Except as otherwise provided in this subchapter, the ~~monthly~~
 17 report required by § 26-58-114 shall be filed and the payment of the
 18 severance tax shall be made by the producer actually severing the natural
 19 resources whether as owner, lessee, concessionaire, or contractor and, in the
 20 case of severance taxes on timber, the ~~monthly~~ report required by § 26-58-114
 21 shall be filed and the severance tax shall be paid by the primary processor.
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23 SECTION 3. Arkansas Code § 26-58-116(a) and (b), concerning
 24 purchaser's reports and payment of tax, is amended to read as follows:

25 (a)(1) Unless a purchaser of natural resources, excluding natural gas,
 26 is excused in writing by the Director of the Department of Finance and
 27 Administration in advance of the report filing deadline from filing a report,
 28 a purchaser of natural resources, excluding natural gas, shall file with the
 29 director a verified report within twenty (20) days after the end of each
 30 ~~month~~ reporting period in a form or forms prescribed by the director that
 31 states:

32 (A) The names and addresses of all producers from whom the
 33 purchaser has acquired natural resources during the respective ~~month~~
 34 reporting period;

35 (B) The types and total quantity of each type of the
 36 natural resources acquired and the purchase price; and

1 (C) Any other information as the director reasonably may
2 require for the proper enforcement of this subchapter.

3 (b)(1) Unless a purchaser of natural gas is excused in writing by the
4 director in advance of the report filing deadline from filing a report, a
5 purchaser of natural gas shall file with the director a report in a form or
6 forms prescribed by the director that states:

7 (A) The names, addresses, and severance tax permit numbers
8 of all producers from whom the purchaser has purchased natural gas during
9 each ~~calendar month~~ reporting period;

10 (B) The total quantity of natural gas acquired and the
11 purchase price; and

12 (C) Any other information as the director may reasonably
13 require for the proper enforcement of this subchapter.

14 (2) The purchaser of natural gas shall file each ~~monthly~~ report
15 required under this subsection (b) on or before the twenty-fifth day of the
16 second month following the ~~month~~ reporting period that is covered by the
17 report.

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19 SECTION 4. Arkansas Code § 26-58-116(e)(3) and (4), concerning fines
20 and penalties, is amended to read as follows:

21 (3) Upon conviction, each failure by a producer, purchaser,
22 including a purchaser of natural gas, or primary processor to file a ~~monthly~~
23 report required by this section is a violation punishable by a fine of at
24 least fifty dollars (\$50.00) and not more than five hundred dollars (\$500).

25 (4) Upon conviction, a person knowingly making a false material
26 statement in a ~~monthly~~ report required by this section is guilty of perjury
27 under § 5-53-102.

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29 SECTION 5. Arkansas Code § 26-58-117 is amended to read as follows:
30 26-58-117. Responsibility for filing ~~monthly~~ reports.

31 (a)(1) Notwithstanding the provisions of §§ 26-58-114 and 26-58-116,
32 either the producer or severer of natural resources, excluding natural gas,
33 or the purchaser of natural resources, excluding natural gas, shall report
34 and pay severance taxes thereon as required in §§ 26-58-114 and 26-58-116.

35 (2) However, if either the producer or severer of natural
36 resources, excluding natural gas, or the purchaser of natural resources,

1 excluding natural gas, files the report as required in §§ 26-58-114 and 26-
 2 58-116 and pays the severance taxes during any ~~month~~ reporting period, the
 3 other shall be relieved of the responsibility of filing such report.

4 (b) Both the producer of natural gas and the purchaser of natural gas
 5 shall be required to file their ~~monthly~~ reports under §§ 26-58-114 and 26-58-
 6 116.

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 8 SECTION 6. Arkansas Code § 26-58-119(a)(1), concerning the assessment
 9 of severance tax, is amended to read as follows:

10 (a)(1) In the event any producer or purchaser of natural resources or
 11 any primary processor of timber fails within the time provided for in this
 12 subchapter to file the verified ~~monthly~~ reports required of them
 13 respectively, or in the event that the Director of the Department of Finance
 14 and Administration is not satisfied of the correctness of the reports as
 15 filed with the director, or in the event any such producer or purchaser of
 16 natural resources or any primary processor of timber fails to pay all taxes
 17 due as provided in §§ 26-58-114 and 26-58-116, it shall be the duty of the
 18 director to ascertain the true amount and value of the natural resources or
 19 timber severed and to assess the severance tax based thereon.

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 21 SECTION 7. Do Not Codify. EFFECTIVE DATE. This act is effective on
 22 and after January 1, 2012.

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 25 **APPROVED: 03/15/2011**
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