

**ARKANSAS SENATE**  
87th General Assembly - Regular Session, 2009  
**Amendment Form**

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**Subtitle of Senate Bill No. 5**

"TO PROVIDE A SALES AND USE TAX EXEMPTION FOR UTILITIES USED BY  
MANUFACTURERS IN THE MANUFACTURING PROCESS."

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**Amendment No. 1 to Senate Bill No. 5.**

Amend Senate Bill No. 5 as originally introduced:

Delete everything after the Enacting Clause and substitute the following:

"SECTION 1. Arkansas Code § 26-52-319(a), concerning natural gas and electricity used by manufacturers, is amended to read as follows:

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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 declared to exist, and this act being necessary for the preservation of public peace, health, and safety shall become effective on July 1, 2009."

The Amendment was read the first time, rules suspended and read the second time and \_\_\_\_\_

By: Senator Altes

MMC/MAJ - 03-09-2009 10:36

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Secretary