

**ARKANSAS SENATE**  
89th General Assembly - Regular Session, 2013  
**Amendment Form**

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**Subtitle of Senate Bill No. 334**

TO REDUCE THE SALES AND USE TAX RELATING TO THE PARTIAL REPLACEMENT AND REPAIR OF  
MACHINERY AND EQUIPMENT USED DIRECTLY IN MANUFACTURING; TO PROVIDE A REFUND  
MECHANISM FOR CERTAIN SALES AND USE TAXES; AND TO DECLARE AN EMERGENCY.

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**Amendment No. 3 to Senate Bill No. 334**

Amend Senate Bill No. 334 as originally introduced:

Page 1, line 17, delete "TO"

AND

Page 1, line 18, delete "DECLARE AN EMERGENCY;"

AND

Delete the subtitle in its entirety and substitute:

"TO REDUCE THE SALES AND USE TAX RELATING  
TO THE PARTIAL REPLACEMENT AND REPAIR OF  
MACHINERY AND EQUIPMENT USED DIRECTLY IN  
MANUFACTURING; AND TO PROVIDE A REFUND  
MECHANISM FOR CERTAIN SALES AND USE  
TAXES."

AND

Page 2, delete lines 11 through 26, and substitute the following:

"(b) Beginning July 1, 2014, the taxes levied under §§ 26-52-301 and  
26-52-302 that are subject to a refund under this section are the taxes in  
excess of four and seven-eighths percent (4.875%)."

AND

Page 3, delete lines 4 through 13, and substitute the following:



"(f) To claim the benefit of the tax refund under this section, a taxpayer shall hold a direct pay sales and use tax permit from the Department of Finance and Administration and shall claim the tax refund under the direct pay permit."

AND

Page 3, delete lines 20 through 24

AND

Page 4, delete lines 5 through 20, and substitute the following:

"(b) Beginning July 1, 2014, the taxes levied under §§ 26-53-106 and 26-53-107 that are subject to a refund under this section are the taxes in excess of four and seven-eighths percent (4.875%)."

AND

Page 4, delete lines 34 thorough 36, and substitute the following:

"(f) To claim the benefit of the tax refund under this section, a taxpayer shall hold a direct pay sales and use tax permit from the Department of Finance and Administration and shall claim the tax refund under the direct pay permit."

AND

Page 5, delete lines 1 through 7

AND

Page 5, delete lines 14 through 18

AND

Page 5, delete lines 20 through 36, and substitute the following:

"SECTION 3. Arkansas Code Title 15, Chapter 4, is amended to add an additional subchapter to read as follows:

Subchapter 35 – Incentives for Major Maintenance and Improvement Projects

15-4-3501. Increased tax refund for major maintenance and improvement projects.

(a) A taxpayer that is eligible for a refund of excise taxes under § 26-52-446 or § 26-53-149 is eligible for a refund of one hundred percent (100%) of the sales and use taxes levied in §§ 26-52-301, 26-52-302, 26-53-106, and 26-53-107 on the tangible personal property and services subject to §§ 26-52-446 and 26-53-149 for projects that meet the following requirements:

(1) The taxpayer has entered into a financial incentive agreement with the Arkansas Economic Development Commission for the project;

and

(2) The taxpayer expends at least three million dollars (\$3,000,000) on an approved project that includes the purchase of tangible personal property and services that are either exempt or subject to a partial refund of tax under § 26-52-402, § 26-52-446, § 26-53-114, or § 26-53-149.

(b) A taxpayer shall file with the commission an application for the increased refund for major maintenance and improvement projects provided in this section.

(c) The increased refund of sales and use taxes for major maintenance and improvement projects provided in this section is a discretionary incentive and is not available unless offered by the Director of the Arkansas Economic Development Commission.

(d) The Director of the Arkansas Economic Development Commission shall forward the taxpayer's application, financial incentive agreement, any other pertinent documentation, and a written copy of the determination under this subsection to the Director of the Department of Finance and Administration if the Director of the Arkansas Economic Development Commission:

(1) Determines that the taxpayer is eligible for the increased refund for major maintenance and improvement projects provided for in this section;

(2) Determines that the taxpayer has provided reasonable proof that there will be a positive return on the taxpayer's investment in the major maintenance and improvement project that is sufficient to offset the taxes refunded under this section;

(3) Determines that the taxpayer has provided a defined scope, beginning date, and ending date for the major maintenance and improvement project;

(4) Determines that the refund is reasonably necessary for the taxpayer to remain competitive and preserve Arkansas jobs; and

(5) Agrees to provide the incentive under this section.

(e) A taxpayer that has been approved for the increased refund for major maintenance and improvement projects provided for in this section may make changes in a major maintenance and improvement project by written amendment to the project plan filed with the commission as part of the financial incentive agreement required under this section.

(f) Except as otherwise provided in this section, a refund under this section is subject to the Arkansas Tax Procedure Act, § 26-18-101 et seq., in the same manner as other refunds permitted under § 26-18-507.

(g) An expenditure shall not qualify for both the increased refund for major maintenance and improvement projects under this section and the retention tax credit provided for in § 15-4-2706(c).

(h) The Director of the Arkansas Economic Development Commission and the Director of the Arkansas Department of Finance and Administration may promulgate rules necessary to implement this section.

SECTION 4. EFFECTIVE DATE. This act is effective on and after July 1, 2014."

AND

Page 6, delete lines 1 through 12

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

By: Senator Files

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Secretary