

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009
4

A Bill

HOUSE BILL 1835

5 By: Representatives M. Burris, Dismang, Garner, Glidewell, R. Green, Harrelson, Lowery, Maxwell,
6 Pierce, Pyle, Saunders, G. Smith, Webb
7 By: Senators G. Jeffress, J. Jeffress, J. Taylor
8

For An Act To Be Entitled

11 AN ACT TO INCLUDE EXEMPT WHOLESALE GENERATORS OF
12 ELECTRICITY IN THE DEFINITION OF A MANUFACTURER
13 FOR PURPOSES OF THE REDUCED EXCISE TAX RATE ON
14 NATURAL GAS USED IN MANUFACTURING; AND FOR OTHER
15 PURPOSES.
16

Subtitle

18 TO INCLUDE EXEMPT WHOLESALE GENERATORS
19 OF ELECTRICITY IN THE DEFINITION OF A
20 MANUFACTURER FOR PURPOSES OF THE REDUCED
21 EXCISE TAX RATE ON NATURAL GAS USED IN
22 MANUFACTURING.
23

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 SECTION 1. Arkansas Code § 26-52-319(b), concerning a reduced rate of
28 tax for natural gas and electricity used by manufacturers, is amended to read
29 as follows:

30 (b) As used in this section, "manufacturer" means ~~a~~:

31 (1) A manufacturer classified within sectors 31 through 33 of
32 the North American Industry Classification System, as in effect on January 1,
33 2007; ~~and~~

34 (2) An exempt wholesale generator of electricity as defined in
35 42 U.S.C. § 16451(6), as in effect on January 1, 2009.
36



1 SECTION 2. Arkansas Code § 26-53-148(b), concerning a reduced
 2 rate of compensatory tax for natural gas and electricity used by
 3 manufacturers, is amended to read as follows:

4 (b) As used in this section, “manufacturer” means a:

5 (1) A manufacturer classified within sectors 31 through 33 of
 6 the North American Industry Classification System, as in effect on January 1,
 7 2007; and

8 (2) An exempt wholesale generator of electricity as defined in
 9 42 U.S.C. § 16451(6), as in effect on January 1, 2009.

10
 11 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
 12 General Assembly of the State of Arkansas that the sales and use taxes that
 13 Arkansas imposes on natural gas used in electric generating facilities far
 14 exceed the taxes imposed by most surrounding states; that electric power
 15 generation has historically been treated as manufacturing for sales and use
 16 tax purposes in Arkansas; that a high percentage of the natural gas fueled
 17 generating capacity in Arkansas has been constructed in recent years using
 18 advanced technology and is both clean and highly efficient compared to other
 19 generation technologies; that the state has an interest in encouraging the
 20 use of clean and efficient generating technologies pending the development of
 21 alternative energy technologies; that the price of natural gas has been
 22 subject to substantial increases in the marketplace resulting in a dramatic
 23 increase in the cost of electricity that has been compounded by sales and
 24 compensating use taxes on natural gas used as fuel, and this trend is likely
 25 to continue; and that including exempt wholesale generation of electricity in
 26 the definition of a manufacturer for purposes of the reduced sales and use
 27 tax on natural gas will stabilize the tax burden, preserve the funding
 28 source, and encourage the use of natural gas in high-efficiency merchant
 29 power generating facilities in Arkansas. Therefore, an emergency is declared
 30 to exist and this act being immediately necessary for the preservation of the
 31 public peace, health, and safety shall become effective on July 1, 2009.