

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

As Engrossed: S3/10/09

A Bill

SENATE BILL 5

5 By: Senator Altes
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7

For An Act To Be Entitled

9 AN ACT TO PROVIDE A SALES AND USE TAX EXEMPTION
10 FOR UTILITIES USED BY MANUFACTURERS IN THE
11 MANUFACTURING PROCESS; AND FOR OTHER PURPOSES.
12

Subtitle

14 TO PROVIDE A SALES AND USE TAX EXEMPTION
15 FOR UTILITIES USED BY MANUFACTURERS IN
16 THE MANUFACTURING PROCESS.
17
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 *SECTION 1. Arkansas Code § 26-52-319(a), concerning natural gas and*
22 *electricity used by manufacturers, is amended to read as follows:*

23 *(a)(1)(A) Beginning July 1, 2007, in lieu of the gross receipts or*
24 *gross proceeds tax levied in §§ 26-52-301 and 26-52-302(a)-(d), there is*
25 *levied an excise tax on the gross receipts or gross proceeds derived from the*
26 *sale of natural gas and electricity to a manufacturer for use directly in the*
27 *actual manufacturing process at the rate of four and three-eighths percent*
28 *(4.375%).*

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

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

35 *~~(3)(2)~~ The taxes levied in this subsection (a) shall be*
36 *distributed as follows:*



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

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

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

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

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

16 ~~(5)(4)~~ The excise tax levied in this section shall be collected,
17 reported, and paid in the same manner and at the same time as is prescribed
18 by law for the collection, reporting, and payment of all other Arkansas gross
19 receipts taxes.

20
21 SECTION 2. Arkansas Code § 26-53-148(a), concerning natural gas and
22 electricity used by manufacturers, is amended to read as follows:

23 (a)(1)(A) Beginning July 1, 2007, in lieu of the tax levied in §§ 26-
24 53-106 and 26-53-107(a)-(d), there is levied an excise tax on the sales price
25 of natural gas and electricity purchased by a manufacturer for use directly
26 in the actual manufacturing process at the rate of four and three-eighths
27 percent (4.375%).

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

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

34 ~~(3)(2)~~ The taxes levied in subsection (a) of this section shall
35 be distributed as follows:

36 (A) Seventy-six and six-tenths percent (76.6%) of the tax,

1 interest, penalties, and costs received by the Director of the Department of
2 Finance and Administration shall be deposited as general revenues;

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

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

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

12 (B) Natural gas and electricity purchased for any other
13 purpose shall be subject to the full compensating use tax levied under §§ 26-
14 53-106 and 26-53-107(a)-(d).

15 ~~(5)(4)~~ The excise tax levied in this section shall be collected,
16 reported, and paid in the same manner and at the same time as is prescribed
17 by law for the collection, reporting, and payment of all other Arkansas
18 compensating use taxes.

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20 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
21 General Assembly of the State of Arkansas that manufacturers in this state
22 have suffered losses due to sharp increases in energy costs; that these
23 manufacturers are unable to set the price for the products they produce and
24 are particularly vulnerable to price volatility; that the current sales and
25 use tax on utilities consumed by these manufacturers located within this
26 state creates a competitive disadvantage; that this act is intended to
27 address that problem by providing a reduced tax rate on utilities consumed by
28 manufacturers located in this state; and that this act is necessary to
29 prevent the loss of manufacturing jobs. Therefore, an emergency is declared
30 to exist, and this act being necessary for the preservation of public peace,
31 health, and safety shall become effective on July 1, 2009.

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33 /s/ Altes
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