

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

*As Engrossed: S3/14/13*

# A Bill

SENATE BILL 1075

5 By: Senator Files  
6 *By: Representative Jean*  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE ALTERNATIVE FUELS TAX LAW; TO  
10 AMEND THE EXCISE TAX LEVIED ON ALTERNATIVE FUELS; TO  
11 CREATE A FAIR AND EQUITABLE METHOD OF MAINTAINING THE  
12 ROADS IN THE STATE; TO DECLARE AN EMERGENCY; AND FOR  
13 OTHER PURPOSES.  
14

## Subtitle

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16  
17 TO AMEND THE ALTERNATIVE FUELS TAX LAW;  
18 TO AMEND THE EXCISE TAX LEVIED ON  
19 ALTERNATIVE FUELS; TO CREATE A FAIR AND  
20 EQUITABLE METHOD OF MAINTAINING THE ROADS  
21 IN THE STATE; AND TO DECLARE AN  
22 EMERGENCY.  
23

24  
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 *SECTION 1. Arkansas Code § 26-62-102(1)(A) and (B), concerning the*  
28 *definitions to be used under the Alternative Fuels Tax Law, are amended to*  
29 *read as follows:*

30 (1)(A) "Alternative fuels" means ~~and includes~~ all liquids or  
31 combustion gases used or suitable for use in an internal combustion engine or  
32 motor for the generation of power for motor vehicles, ~~including, but not~~  
33 ~~limited to, natural gas fuels as defined in subdivision (9) of this section.~~

34 (B) "Alternative fuels" ~~also means and includes~~ without  
35 limitation:

36 (i) Methanol, denatured ethanol, and other alcohols;



1 (ii) Mixtures containing eighty-five percent (85%)  
 2 or more or such percentage, but not less than seventy percent (70%), as  
 3 determined by the United States Secretary of Energy by rule to provide for  
 4 requirements relating to cold start, safety, or vehicle functions, by volume  
 5 of methanol, denatured ethanol, and other alcohols with gasoline or other  
 6 fuels;

7 (iii) Hydrogen;

8 (iv) Coal-derived liquid fuels;

9 (v) Fuels, other than alcohol, derived from  
 10 biological materials;

11 (vi) Electricity, including electricity from solar  
 12 energy; ~~and~~

13 (vii) Natural gas fuels;

14 (viii) Compressed natural gas;

15 (ix) Liquefied natural gas; and

16 ~~(vii)~~ (x) Any other fuel the United States Secretary  
 17 of Energy determines by rule is substantially not petroleum and would yield  
 18 substantial energy security benefits and substantial environmental benefits.  
 19

20 SECTION 2. Arkansas Code § 26-62-102(5), concerning the definitions to  
 21 be used under the Alternative Fuels Tax Law, is amended to read as follows:

22 (5) "Gallon equivalent" or "equivalent gallon" means a quantity  
 23 of alternative fuels ~~which~~ that is the equivalent of one United States gallon  
 24 (1 U.S. gal.) of gasoline as determined by the director based on United  
 25 States standards or industry standards, provided that ~~one~~:

26 (A) One United States gallon (1 U.S. gal.) of gasoline  
 27 ~~shall be~~ is the equivalent of ~~one hundred cubic feet (100 c.f.)~~ one hundred  
 28 twenty-five cubic feet (125 c.f.) of natural gas fuels compressed natural  
 29 gas; and

30 (B) One United States gallon (1 U.S. gal.) of distillate  
 31 special fuel is the equivalent of one gallon (1 gal.) of liquefied natural  
 32 gas;  
 33

34 SECTION 3. Arkansas Code § 26-62-102, concerning the definitions to be  
 35 used under the Alternative Fuels Tax Law, is amended to add two additional  
 36 subdivisions to read as follows:

1 (15) "Compressed natural gas" means natural gas that is  
 2 compressed to a point at which five and sixty-six hundredths pounds (5.66  
 3 lbs.) of natural gas equals the energy contained in one United States gallon  
 4 (1 U.S. gal.) of gasoline; and

5 (16) "Liquefied natural gas" means natural gas, primarily  
 6 methane, that has been liquefied by reducing its temperature to negative two  
 7 hundred sixty degrees Fahrenheit (-260° F) at atmospheric pressure.

8  
 9 SECTION 4. Arkansas Code § 26-62-201 is amended to read as follows:

10 26-62-201. Imposition of tax – Exemptions.

11 ~~(a)(1)~~ There is ~~hereby~~ levied and imposed an excise tax per gallon  
 12 equivalent at the ~~rate set forth in subsection (b) of this section~~ following  
 13 rates on each type of alternative fuels sold or used in this state for the  
 14 purpose of propelling a motor vehicle or motor vehicles in this state or  
 15 purchased for sale or use in this state for the purpose of propelling a motor  
 16 vehicle or motor vehicles in this state:

17 (1) Beginning July 1, 2013, five cents (5¢);

18 (2) Beginning July 1, 2014, eight cents (8¢);

19 (3) Beginning July 1, 2015, eleven cents (11¢);

20 (4) Beginning July 1, 2016, seventeen cents (17¢); and

21 (5) Beginning July 1, 2017, and thereafter:

22 (A) On compressed natural gas, twenty-one and five-tenths  
 23 cents (21.5¢);

24 (B) On liquefied natural gas, twenty-two and five-tenths  
 25 cents (22.5¢); and

26 (C) On other alternative fuels, twenty-one and five-tenths  
 27 cents (21.5¢).

28 ~~(2) The Director of the Department of Finance and Administration~~  
 29 ~~shall determine the various types of alternative fuels being utilized in this~~  
 30 ~~state and the applicable rates to be imposed for each type fuel in accordance~~  
 31 ~~with the following provisions of this section, provided that the Director of~~  
 32 ~~the Department of Finance and Administration in his or her initial~~  
 33 ~~determination at a minimum shall find at least one (1) type of alternative~~  
 34 ~~fuels, specifically, natural gas fuels.~~

35 ~~(b) The tax rate for each equivalent gallon for each type of~~  
 36 ~~alternative fuels shall be in accordance with the following table:~~

<del>Number of Motor Vehicles Licensed in Arkansas Utilizing Alternative Fuels (for each type of alternative fuels)</del>	<del>Tax Rate Per Equivalent Gallon (for each type of alternative fuels)</del>
<del>0—999</del>	<del>\$0.050</del>
<del>1,000—1,499</del>	<del>\$0.085</del>
<del>1,500—1,999</del>	<del>\$0.105</del>
<del>2,000—2,499</del>	<del>\$0.125</del>
<del>2,500—2,999</del>	<del>\$0.145</del>
<del>3,000 &amp; over</del>	<del>\$0.165</del>

~~(c)(1)(A)(i) The tax rate set forth in subsection (b) of this section for each type of alternative fuels from July 1, 1993, through March 31, 1994, shall be determined and published by the Director of the Department of Finance and Administration prior to June 1, 1993, and such rates shall be effective for each type of alternative fuels through March 31, 1994.~~

~~(ii) The tax rate set forth in subsection (b) of this section for each type of alternative fuels shall be adjusted if necessary by the Director of the Department of Finance and Administration to be effective on April 1, 1994, and on April 1 of each year thereafter based upon the number of vehicles utilizing alternative fuels, by each type of alternative fuels, licensed in this state, as determined by the Director of the Department of Finance and Administration, as of December 31 of the preceding calendar year.~~

~~(B) If a change in the tax rate in accordance with subsection (b) of this section for any type of alternative fuels is required, the Director of the Department of Finance and Administration shall include this in the report required by this section, and the Director of the Department of Finance and Administration shall also notify each alternative fuels supplier of the new tax rate not later than thirty (30) days prior to the effective date of such change.~~

~~(2) Notwithstanding any other provision of this chapter, in determining the number of alternative fuels vehicles licensed in this state by each type of alternative fuels in order to determine the tax rate per equivalent gallon, there shall not be taken into account any alternative fuels vehicles owned, licensed, or used by the United States Government, or~~

1 ~~any agency or instrumentality thereof.~~

2 ~~(d) It is the intent of the tax levy set forth in this section to tax~~  
3 ~~each particular type of alternative fuels depending upon the number of~~  
4 ~~alternative fuels vehicles using the particular type of alternative fuels~~  
5 ~~licensed in Arkansas.~~

6 ~~(e)(1) The Director of the Department of Finance and Administration~~  
7 ~~may develop a procedure in which the type of alternative fuels or other type~~  
8 ~~of fuel is noted on the certificate of title or certificate of registration~~  
9 ~~of an alternative fuels vehicle.~~

10 ~~(2) It is the intention of this subsection to develop a system~~  
11 ~~for the Director of the Department of Finance and Administration and other~~  
12 ~~officials of the State of Arkansas to know the precise number of vehicles~~  
13 ~~using alternative fuels and other fuels licensed in this state, both in the~~  
14 ~~aggregate and by the type of fuel propelling the vehicles.~~

15 ~~(f) Not later than February 15 each year, the Director of the~~  
16 ~~Department of Finance and Administration shall file a written report with the~~  
17 ~~Director of State Highways and Transportation setting forth the number of~~  
18 ~~vehicles using alternative fuels and other types of fuels licensed in this~~  
19 ~~state as of the end of the preceding calendar year, both in the aggregate and~~  
20 ~~by each type of fuel, and the amount of tax revenue received by the State of~~  
21 ~~Arkansas on the tax levied by this chapter. The Director of the Department of~~  
22 ~~Finance and Administration shall also state the tax rate for the next twelve~~  
23 ~~(12) months, beginning as of the first day of April of each year for each~~  
24 ~~type of alternative fuel.~~

25 ~~(g) (b) Sales to the United States Government are exempt from the tax~~  
26 ~~levied by under subsection (a) of this section.~~

27 ~~(h) (c) The tax levied ~~herein shall~~ under subsection (a) of this~~  
28 ~~section does not apply to alternative fuels imported into this state in the~~  
29 ~~fuel supply tanks, including any additional containers, of motor vehicles~~  
30 ~~being used solely for noncommercial purposes if the aggregate capacity of the~~  
31 ~~fuel supply tanks, including any additional containers, does not exceed~~  
32 ~~thirty (30) equivalent gallons.~~

33  
34 SECTION 5. Arkansas Code § 26-62-206(a)(2), concerning alternative  
35 fuels suppliers' and users' reports and the computation and remittance of  
36 tax, is amended to read as follows:

1 (2) The alternative fuels supplier shall file supporting  
2 documents necessary to assure accurate reporting. The reports shall include  
3 the following:

4 (A) An itemized statement of the number of equivalent  
5 gallons of alternative fuels sold and delivered into the fuel supply tanks of  
6 motor vehicles during the next preceding calendar month by the alternative  
7 fuels supplier;

8 (B) An itemized statement of the number of gallons  
9 equivalent of alternative fuels delivered into the fuel supply tanks of motor  
10 vehicles owned, leased, or operated by the alternative fuels supplier during  
11 the next preceding calendar month by the alternative fuels supplier;

12 (C) An itemized statement of the number of gallons  
13 equivalent of alternative fuels sold through separate meter to a user for the  
14 fueling of motor vehicles during the next preceding calendar month by the  
15 supplier; ~~and~~

16 (D) An itemized statement of the number of equivalent  
17 gallons of alternative fuels sold and delivered to an alternative fuels  
18 dealer that sells or delivers alternative fuels to a user at retail for use  
19 in a motor vehicle; and

20 ~~(D)~~ (E) Such other documents as the director requires.  
21

22 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
23 General Assembly of the State of Arkansas that the alternative fuels tax laws  
24 are outdated in that they fail to address the recent increase in the use of  
25 alternative fuels to power motor vehicles; that the alternative fuels tax  
26 laws do not provide sufficient revenue for the highways of the state; that  
27 this act addresses these issues by amending the alternative fuel tax laws to  
28 improve the collection and administration of the alternative fuels tax; and  
29 that this act is necessary to create a fair and equitable method of  
30 maintaining the roads in the state. Therefore, an emergency is declared to  
31 exist, and this act being necessary for the preservation of the public peace,  
32 health, and safety shall become effective on July 1, 2013.

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34 /s/Files  
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