

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

A Bill

HOUSE BILL 1346

5 By: Representative D. Douglas
6

For An Act To Be Entitled

8 AN ACT TO PROVIDE FOR THE DISTRIBUTION OF CERTAIN TAX
9 REVENUES; TO PROVIDE FUNDING FOR THE ARKANSAS STATE
10 HIGHWAY AND TRANSPORTATION DEPARTMENT, THE STATE
11 HIGHWAY COMMISSION, AND RELATED PROGRAMS; TO DEDICATE
12 CERTAIN REVENUES FOR USE BY THE ARKANSAS STATE
13 HIGHWAY AND TRANSPORTATION DEPARTMENT AND THE STATE
14 HIGHWAY COMMISSION; TO DEDICATE THE SALES AND USE TAX
15 REVENUE DERIVED FROM THE SALES OF NEW AND USED
16 VEHICLES AND ROAD-USER ITEMS AND SERVICES FOR THE
17 MAINTENANCE, CONSTRUCTION, AND RECONSTRUCTION OF
18 HIGHWAYS, ROADS, STREETS, BRIDGES, AND THEIR
19 EXTENSIONS LOCATED WITHIN THE STATE; TO DEDICATE
20 CERTAIN SEVERANCE TAX REVENUES TO INSTITUTIONS OF
21 HIGHER EDUCATION; TO DEDICATE CERTAIN SEVERANCE TAX
22 REVENUES FOR A WORKFORCE TRAINING GRANT PROGRAM TO BE
23 ADMINISTERED BY THE DEPARTMENT OF CAREER EDUCATION;
24 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
25

Subtitle

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27
28 TO DEDICATE CERTAIN REVENUES FOR USE BY
29 THE ARKANSAS STATE HIGHWAY AND
30 TRANSPORTATION DEPARTMENT AND THE STATE
31 HIGHWAY COMMISSION; TO DEDICATE CERTAIN
32 SEVERANCE TAX REVENUES FOR TRAINING AND
33 EDUCATION; AND TO DECLARE AN EMERGENCY.
34

35
36 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:



1
2 SECTION 1. Arkansas Code § 26-52-107 is amended to read as follows:

3 26-52-107. Disposition of taxes, interest, and penalties.

4 All (a) Except as otherwise stated in this chapter, all taxes,
5 interest, penalties, and costs received by the Director of the Department of
6 Finance and Administration under ~~the provisions of~~ this chapter shall be
7 general revenues and shall be deposited into the State Treasury to the credit
8 of the State Apportionment Fund. The Treasurer of State shall allocate and
9 transfer the ~~same~~ deposited taxes, interest, penalties, and costs to the
10 various State Treasury funds participating in general revenues in the
11 respective proportions to each as provided by, and to be used for the
12 respective purposes ~~set forth~~ stated in, the Revenue Stabilization Law, § 19-
13 5-101 et seq.

14 (b)(1) Beginning the first day of September following the issuance of
15 an annual report certified to the Chief Fiscal Officer of the State by the
16 Treasurer of State in which the gross collection of general revenue for sales
17 and use tax exceeds two billion two hundred million dollars (\$2,200,000,000),
18 the Chief Fiscal Officer of the State shall determine as a monthly allocation
19 an amount equivalent to the percentages stated in subsection (c) of this
20 section of the total net general revenues enumerated in § 19-6-201(1) and (2)
21 that were collected as sales and use taxes under §§ 26-52-301, 26-52-302(a),
22 26-52-302(b)(1), 26-52-303, 26-52-317(c)(1)(A), 26-52-319(a)(2)(A), 26-52-
23 319(c)(2) as distributed under § 26-52-319(a)(2)(A), 26-52-607, 26-53-106,
24 26-53-107(a), 26-53-107(b)(1), 26-53-145(c)(1)(A), 26-53-148(a)(2)(A), and
25 26-53-148(c)(2) as distributed under § 26-53-148(a)(2)(A).

26 (2) After making the deductions required under 19-5-
27 202(b)(2)(B)(i), on the last day of each month the Chief Fiscal Officer of
28 the State shall certify the allocation determined under subdivision (b)(1) of
29 this section to the Treasurer of State, who shall transfer the certified
30 allocation as follows:

31 (A) Seventy percent (70%) credited to the State Highway
32 and Transportation Department Fund, which shall be used for the construction,
33 reconstruction, and maintenance of highways, roads, streets, bridges, and
34 extensions of highways, roads, streets, and bridges located within the state;

35 (B) Fifteen percent (15%) credited to the County Aid Fund,
36 which shall be used for the construction, reconstruction, and maintenance of

1 highways, roads, streets, bridges, and extensions of highways, roads,
 2 streets, and bridges located within the county; and

3 (C) Fifteen percent (15%) credited to the Municipal Aid
 4 Fund, which shall be used for the construction, reconstruction, and
 5 maintenance of highways, roads, streets, bridges, and extensions of highways,
 6 roads, streets, and bridges located within the municipality.

7 (c) In making a determination under subsection (b) of this section,
 8 the Chief Fiscal Officer of the State shall use the following percentages:

9 (1) Beginning September 1 of the first year, six-tenths of one
 10 percent (0.6%);

11 (2) Beginning July 1 of the second year, one and two-tenths
 12 percent (1.2%);

13 (3) Beginning July 1 of the third year, one and eight-tenths
 14 percent (1.8%);

15 (4) Beginning July 1 of the fourth year, two and four-tenths
 16 percent (2.4%);

17 (5) Beginning July 1 of the fifth year, three percent (3%);

18 (6) Beginning July 1 of the sixth year, three and six-tenths
 19 percent (3.6%);

20 (7) Beginning July 1 of the seventh year, four and two-tenths
 21 percent (4.2%);

22 (8) Beginning July 1 of the eighth year, four and eight-tenths
 23 percent (4.8%);

24 (9) Beginning July 1 of the ninth year, five and four-tenths
 25 percent (5.4%); and

26 (10) Beginning July 1 of the tenth year and thereafter, six
 27 percent (6%).

28
 29 SECTION 2. Arkansas Code § 26-52-510, concerning the payment of sales
 30 tax on a motor vehicle, is amended to add additional subsections to read as
 31 follows:

32 (h)(1) Beginning the first day of September following the issuance of
 33 an annual report certified to the Chief Fiscal Officer of the State by the
 34 Treasurer of State in which the gross collection of general revenue for sales
 35 and use tax exceeds two billion two hundred million dollars (\$2,200,000,000),
 36 the Chief Fiscal Officer of the State shall determine as a monthly allocation

1 an amount equivalent to the percentages stated in subsection (i) of this
2 section of the total net general revenues enumerated in § 19-6-201(1) and (2)
3 that were collected as sales and use taxes under §§ 26-52-301, 26-52-302(a),
4 26-52-302(b)(1), 26-52-303, 26-52-607, 26-53-106, 26-53-107(a), and 26-53-
5 107(b)(1) on the sale of new or used motor vehicles, trailers, or
6 semitrailers required to be licensed in this state.

7 (2) After making the deductions required under § 19-5-
8 202(b)(2)(B)(i), on the last day of each month the Chief Fiscal Officer of
9 the State shall certify the allocation determined under subdivision (h)(1) of
10 this section to the Treasurer of State, who shall transfer the certified
11 allocation as follows:

12 (A) Seventy percent (70%) credited to the State Highway
13 and Transportation Department Fund, which shall be used for the construction,
14 reconstruction, and maintenance of highways, roads, streets, bridges, and
15 extensions of highways, roads, streets, and bridges located within the state;

16 (B) Fifteen percent (15%) credited to the County Aid Fund,
17 which shall be used for the construction, reconstruction, and maintenance of
18 highways, roads, streets, bridges, and extensions of highways, roads,
19 streets, and bridges located within the county; and

20 (C) Fifteen percent (15%) credited to the Municipal Aid
21 Fund, which shall be used for the construction, reconstruction, and
22 maintenance of highways, roads, streets, bridges, and extensions of highways,
23 roads, streets, and bridges located within the municipality.

24 (i) In making a determination under subsection (h) of this section,
25 the Chief Fiscal Officer of the State shall use the following percentages:

26 (1) Beginning September 1 of the first year, ten percent (10%);

27 (2) Beginning July 1 of the second year, twenty percent (20%);

28 (3) Beginning July 1 of the third year, thirty percent (30%);

29 (4) Beginning July 1 of the fourth year, forty percent (40%);

30 (5) Beginning July 1 of the fifth year, fifty percent (50%);

31 (6) Beginning July 1 of the sixth year, sixty percent (60%);

32 (7) Beginning July 1 of the seventh year, seventy percent (70%);

33 (8) Beginning July 1 of the eighth year, eighty percent (80%);

34 (9) Beginning July 1 of the ninth year, ninety percent (90%);

35 and

36 (10) Beginning July 1 of the tenth year and thereafter, one

1 hundred percent (100%).

2
3 SECTION 3. Arkansas Code § 26-53-126, concerning the payment of use
4 tax on motor vehicles, is amended to add additional subsections to read as
5 follows:

6 (g)(1) Beginning the first day of September following the issuance of
7 an annual report certified to the Chief Fiscal Officer of the State by the
8 Treasurer of State in which the gross collection of general revenue for sales
9 and use tax exceeds two billion two hundred million dollars (\$2,200,000,000),
10 the Chief Fiscal Officer of the State shall determine as a monthly allocation
11 an amount equivalent to the percentages stated in subsection (h) of this
12 section of the total net general revenues enumerated in § 19-6-201(1) and (2)
13 that were collected as sales and use taxes under §§ 26-52-301, 26-52-302(a),
14 26-52-302(b)(1), 26-52-303, 26-52-607, 26-53-106, 26-53-107(a), and 26-53-
15 107(b)(1) on the sale of new or used motor vehicles, trailers, or
16 semitrailers required to be licensed in this state.

17 (2) After making the deductions required under § 19-5-
18 202(b)(2)(B)(i), on the last day of each month, the Chief Fiscal Officer of
19 the State shall certify the allocation determined under subdivision (h)(1) of
20 this section to the Treasurer of State, who shall transfer the certified
21 allocation as follows:

22 (A) Seventy percent (70%) credited to the State Highway
23 and Transportation Department Fund, which shall be used for the construction,
24 reconstruction, and maintenance of highways, roads, streets, bridges, and
25 extensions of highways, roads, streets, and bridges located within the state;

26 (B) Fifteen percent (15%) credited to the County Aid Fund,
27 which shall be used for the construction, reconstruction, and maintenance of
28 highways, roads, streets, bridges, and extensions of highways, roads,
29 streets, and bridges located within the county; and

30 (C) Fifteen percent (15%) credited to the Municipal Aid
31 Fund, which shall be used for the construction, reconstruction, and
32 maintenance of highways, roads, streets, bridges, and extensions of highways,
33 roads, streets, and bridges located within the municipality.

34 (h) In making a determination under subsection (g) of this section,
35 the Chief Fiscal Officer of the State shall use the following percentages:

36 (1) Beginning September 1 of the first year, ten percent (10%);

- (2) Beginning July 1 of the second year, twenty percent (20%);
- (3) Beginning July 1 of the third year, thirty percent (30%);
- (4) Beginning July 1 of the fourth year, forty percent (40%);
- (5) Beginning July 1 of the fifth year, fifty percent (50%);
- (6) Beginning July 1 of the sixth year, sixty percent (60%);
- (7) Beginning July 1 of the seventh year, seventy percent (70%);
- (8) Beginning July 1 of the eighth year, eighty percent (80%);
- (9) Beginning July 1 of the ninth year, ninety percent (90%);

and

- (10) Beginning July 1 of the tenth year and thereafter, one hundred percent (100%).

SECTION 4. Arkansas Code § 26-58-124(c), concerning the distribution of severance taxes, is amended to read as follows:

(c) All taxes, penalties, and costs collected by the director on natural gas shall be deposited into the State Treasury as follows:

(1) Five percent (5%) of the funds shall be deposited as general revenues; and

~~(2)(A) Ninety-five~~ Except as otherwise stated in this subdivision (c)(2), ninety-five percent (95%) of the funds shall be classified as special revenues and shall be distributed as ~~set forth~~ stated in the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.

(B) Beginning the first day of September following the issuance of an annual report certified to the Chief Fiscal Officer of the State by the Treasurer of State in which the gross collection of general revenue for sales and use tax exceeds two billion two hundred million dollars (\$2,200,000,000), a portion of the total taxes, penalties, and costs collected by the director on natural gas shall be special revenues distributed in the manner stated in subdivision (c)(2)(C) of this section in the following percentages:

(i) Beginning September 1 of the first year, twenty percent (20%);

(ii) Beginning July 1 of the second year, forty percent (40%);

(iii) Beginning July 1 of the third year, sixty percent (60%);

1 (iv) Beginning July 1 of the fourth year, eighty
 2 percent (80%); and

3 (v) Beginning July 1 of the fifth year and
 4 thereafter, one hundred percent (100%).

5 (C) The special revenues described in subdivision
 6 (c)(2)(B) of this section shall be distributed as follows:

7 (i)(a) Before any other distribution is made under
 8 this subdivision (c)(2)(C), the revenues shall be distributed to two-year
 9 colleges that are not funded at the minimum standard of equity of seventy-
 10 five percent (75%) of needed state funding according to the funding formula
 11 model for two-year colleges in the amounts necessary to bring each two-year
 12 college up to the minimum standard of equity.

13 (b) If the special revenues described in
 14 subdivision (c)(2)(B) of this section are insufficient to adequately fund all
 15 two-year colleges as described in subdivision (c)(2)(C)(i)(a) of this
 16 section, then the special revenues shall be distributed to the two-year
 17 colleges described in subdivision (c)(2)(C)(i)(a) of this section in amounts
 18 that are inversely proportional to the amount each two-year college received
 19 in general revenue under the Revenue Stabilization Law, § 19-5-101 et seq.,
 20 the previous fiscal year;

21 (ii) The following amounts shall be credited to the
 22 Highway Industry Workforce Development Program Fund:

23 (a) The first year, five hundred thousand
 24 dollars (\$500,000);

25 (b) The second year, one million dollars
 26 (\$1,000,000);

27 (c) The third year, one million five hundred
 28 thousand dollars (\$1,500,000);

29 (d) The fourth year, two million dollars
 30 (\$2,000,000); and

31 (e) The fifth year and each year thereafter,
 32 two million five hundred thousand dollars (\$2,500,000); and

33 (iii) The remainder shall be credited to the
 34 Workforce Training Development Fund.

35
 36 SECTION 5. Arkansas Code Title 19, Chapter 5, Subchapter 12, is

1 amended to add an additional section to read as follows:

2 19-5-1255. Highway Industry Workforce Development Program Fund.

3 (a) There is created on the books of the Treasurer of State, the
 4 Auditor of State, and the Chief Fiscal Officer of the State a miscellaneous
 5 fund to be known as the "Highway Industry Workforce Development Program
 6 Fund".

7 (b) The fund shall consist of:

8 (1) Grants made by any person or federal government agency;

9 (2) Revenues distributed to the fund under § 26-58-124(c)(2)(C);

10 (3) Any remaining fund balances carried forward from year to
 11 year; and

12 (4) Any other funds authorized or provided by law.

13 (c) The fund shall be used by the State Highway Commission to
 14 cooperate with technical colleges, two-year colleges, and industry
 15 representatives to provide funding for career and technical education
 16 programs related to highway construction, highway maintenance, and the
 17 operation of highway construction vehicles and equipment.

18 (d) Moneys remaining in the fund at the end of each fiscal year shall
 19 carry forward and be made available for the purposes stated in this section
 20 in the next fiscal year.

21
 22 SECTION 6. Arkansas Code § 19-6-405 is amended to read as follows:

23 19-6-405. State Highway and Transportation Department Fund.

24 The State Highway and Transportation Department Fund shall consist of:

25 (1) That part of the special revenues as specified in § 19-6-
 26 301(2)-(4), (22), (81), (105)-(107), and (182), known as "highway revenue",
 27 as distributed under the Arkansas Highway Revenue Distribution Law, § 27-70-
 28 201 et seq., and § 27-70-103 and § 27-72-301 et seq.;

29 (2) Those special revenues specified in § 19-6-301(10), (152),
 30 (187), (239), and (241);

31 (3) Fifty percent (50%) of § 19-6-301(26);

32 (4) That portion of § 19-6-301(2) as set out in § 27-14-
 33 601(a)(3)(H)(ii)(f);

34 (5) That portion of § 19-6-301(222);

35 (6) Those designated revenues as set out in § 26-56-201(e)(1),
 36 which consist of the additional total of four cents (4¢) distillate special

1 fuel taxes to be distributed as provided in the Arkansas Highway Financing
 2 Act of 1999, § 27-64-201 et seq.;

3 (7) Federal revenue sharing funds as set out in § 19-5-1005; ~~and~~

4 (8) The sales and use tax revenues distributed to the fund under
 5 §§ 26-52-107(b), 26-52-510(h), and 26-53-126(g); and

6 ~~(8) (9)~~ Any federal funds ~~which that~~ may become available,
 7 there to be used for the maintenance, operation, and improvement required by
 8 the Arkansas State Highway and Transportation Department in carrying out the
 9 functions, powers, and duties as set out in Arkansas Constitution, Amendment
 10 42, and §§ 27-65-102 – 27-65-107, 27-65-110, 27-65-122, and 27-65-124, and
 11 the other laws of this state prescribing the powers and duties of the
 12 department and the State Highway Commission.

13
 14 SECTION 7. Arkansas Code Title 25, Chapter 30, Subchapter 1, is
 15 amended to add an additional section to read as follows:

16 25-30-110. Workforce Training Grant Program.

17 (a) The Department of Career Education shall develop a program to
 18 award grants to public and private organizations for the development and
 19 implementation of workforce training programs using the funds available in
 20 the Skills Development Fund.

21 (b) In developing a grant program under this section, the Department
 22 of Career Education shall:

23 (1) Design procedures and criteria for awarding grants under the
 24 program;

25 (2) Prescribe the form, nature, and extent of the information
 26 required for an application for a grant;

27 (3) Monitor and inspect the records of grant recipients; and

28 (4) Consult with the Arkansas Economic Development Commission in
 29 reviewing applications for grants.

30
 31 SECTION 8. EMERGENCY CLAUSE. It is found and determined by the
 32 General Assembly of the State of Arkansas that the highways, roads, streets,
 33 and bridges of this state are in dire need of construction, reconstruction,
 34 and maintenance; that well-maintained roadways are necessary for economic
 35 development in this state; that dedicating a portion of the general revenue
 36 that represents the sales and use tax on motor vehicle repair and the retail

1 sale of motor vehicle tires is necessary to help pay for the construction,
2 reconstruction, and maintenance of our roadways; that dedicating the sales
3 and use tax from the sale of new and used motor vehicles will be needed in
4 order to construct, reconstruct, and repair those roadways; that dedicating
5 certain other revenues to education and training will enable the state to
6 continue to efficiently and effectively construct and maintain its roadways;
7 and that in order to lessen the loss of this money from general revenue, the
8 transfer of these taxes will be phased in over a ten-year period. Therefore,
9 an emergency is declared to exist, and this act being necessary for the
10 preservation of the public peace, health, and safety shall become effective
11 on July 1, 2015.

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