

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4

# A Bill

HOUSE BILL 2219

5 By: Representative Davis  
6

## For An Act To Be Entitled

8 AN ACT TO CREATE A REBATE OF SALES TAX FOR  
9 CONSTRUCTION MATERIALS PURCHASED BY THE ARKANSAS  
10 STATE HIGHWAY AND TRANSPORTATION DEPARTMENT AND USED  
11 FOR PUBLIC ROAD CONSTRUCTION PROJECTS; TO CREATE A  
12 USE TAX EXEMPTION FOR CONSTRUCTION MATERIALS  
13 PURCHASED BY THE ARKANSAS STATE HIGHWAY AND  
14 TRANSPORTATION DEPARTMENT; AND FOR OTHER PURPOSES.  
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## Subtitle

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18 TO CREATE A REBATE OF SALES TAX FOR  
19 CONSTRUCTION MATERIALS PURCHASED BY THE  
20 HIGHWAY DEPARTMENT AND USED FOR PUBLIC  
21 ROAD CONSTRUCTION PROJECTS; AND TO CREATE  
22 A USE TAX EXEMPTION FOR CONSTRUCTION  
23 MATERIALS.  
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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28 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 5, is  
29 amended to add an additional section to read as follows:

30 26-52-524. Rebate of sales tax on eligible construction materials for  
31 public road construction projects.

32 (a) As used in this section:

33 (1)(A) "Eligible construction material" means an item of  
34 tangible personal property used directly as part of a public road  
35 construction project, including without limitation construction materials and  
36 consumables that are used in a public road construction project that will



1 remain part of the completed public road construction project or are consumed  
2 in the construction process.

3 (B) "Eligible construction material" does not include  
4 construction equipment and tools, motor vehicle fuel, or other items of  
5 tangible personal property that may be used for purposes of a public road  
6 construction project that do not remain part of the public road construction  
7 project or are not consumed during the construction process; and

8 (2) "Public road construction project" means the construction,  
9 restoration, reconstruction, renovation, or repair of a road, highway,  
10 street, bridge, overpass, interchange, or right-of-way by or initiated by the  
11 Arkansas State Highway and Transportation Department.

12 (b) The taxes levied under this chapter on the gross receipts or gross  
13 proceeds from the sale of eligible construction materials to be used or  
14 consumed in a public road construction project are subject to a rebate to the  
15 State Highway and Transportation Department Fund.

16 (c) The rebate provided for in this section does not include local  
17 sales taxes on construction materials used in public road construction  
18 projects.

19 (d) The aggregate total amount of the rebate under this section and  
20 the exemption in § 26-53-150 shall not exceed twenty-five million dollars  
21 (\$25,000,000) during any fiscal year.

22 (e) The Director of the Department of Finance and Administration in  
23 conjunction with the Director of State Highways and Transportation shall  
24 promulgate rules to implement this section.

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26 SECTION 2. Arkansas Code Title 26, Chapter 53, Subchapter 1, is  
27 amended to add an additional section to read as follows:

28 26-53-150. Exemption for eligible construction materials for public  
29 road construction projects.

30 (a) As used in this section:

31 (1)(A) "Eligible construction material" means an item of  
32 tangible personal property used directly as part of a public road  
33 construction project, including without limitation construction materials and  
34 consumables that are used in a public road construction project that will  
35 remain part of the completed public road construction project or are consumed  
36 in the construction process.

1                   (B) “Eligible construction material” does not include  
2 construction equipment and tools, motor vehicle fuel, or other items of  
3 tangible personal property that may be used for purposes of a public road  
4 construction project that do not remain part of the public road construction  
5 project or are not consumed during the construction process; and

6                   (2) “Public road construction project” means the construction,  
7 restoration, reconstruction, renovation, or repair of a road, highway,  
8 street, bridge, overpass, interchange, or right-of-way by or initiated by the  
9 Arkansas State Highway and Transportation Department.

10                  (b) Sales of eligible construction materials to be used or consumed in  
11 a public road construction project are exempt from the compensating use tax  
12 levied by this subchapter.

13                  (c) The exemption provided for in this section does not include local  
14 use taxes on construction materials used in public road construction  
15 projects.

16                  (d) The aggregate total amount of the rebate in § 26-52-524 and the  
17 exemption in this section shall not exceed twenty-five million dollars  
18 (\$25,000,000) during any fiscal year.

19                  (e) The Director of the Department of Finance and Administration in  
20 conjunction with the Director of the State Highways and Transportation shall  
21 promulgate rules to implement this section.

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23                  SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective  
24 on the first day of the calendar quarter following the effective date of this  
25 act.