ARKANSAS SENATE

86th General Assembly - Regular Session, 2007 **Amendment Form**

Subtitle of Senate Bill No. 119

"TO PROMOTE ECONOMIC DEVELOPMENT WITHIN THE STATE BY EXEMPTING FROM THE STATE SALES AND USE TAX FUEL AND ENERGY USED OR CONSUMED IN MANUFACTURING."

Amendment No. 1 to Senate Bill No. 119.

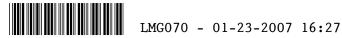
Amend Senate Bill No. 119 as originally introduced:

Add Representative Stewart as cosponsor of the bill

AND

Delete everything after the ENACTING CLAUSE and substitute the following:

- "SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4 is amended to add an additional section to read as follows:
 - 26-52-441. Fuel and energy used in manufacturing and processing.
 - (a) As used in this section:
 - (1) "Directly" means the same as described in § 26-52-402(c);
- (2) "Fuel and energy" means natural gas, electricity, fuel oil, steam, coal, lignite, wood chips, wood by-products, nuclear fuel, liquefied petroleum gas, and petroleum coke;
- (3) "Manufacturing" or "processing" means the same as described in § 26-52-402(b) and includes the generation of electricity for sale; and
- (4) "Used directly" means the same as described in § 26-52-
- 402(c).
- (b) The gross receipts or gross proceeds derived from the sale of fuel and energy are exempt from the gross receipts taxes levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq. if used for one (1) or both of the following purposes at a manufacturing or processing plant or facility in the state:
- (1) To operate machinery and equipment used directly in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging of articles of commerce as described in § 26-52-402(a)(1)(A); and
- (2) To operate machinery and equipment required to prevent or reduce air or water pollution or contamination as described in § 26-52-402(a)(3).
- (c) If fuel and energy is delivered through a single meter used for both an exempt purpose and a taxable purpose during a regular billing period,



the eligibility for the exemption under this section is determined by the predominant use of the fuel and energy delivery measured by the single meter.

(d) The Department of Finance and Administration shall promulgate rules to implement this section.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the sales and use taxes that Arkansas imposes on fuel and energy used in manufacturing and processing far exceed the taxes imposed by competing states; that competing states have reduced or eliminated their taxes on fuel and energy used in manufacturing and processing; that Arkansas has suffered a significant job loss in the manufacturing sector in the last two (2) years; that Arkansas has failed to attract new manufacturing projects due in part to the tax advantages of competing states; and that manufacturing jobs are a crucial part of the Arkansas economy and must be preserved and expanded in order to provide citizens the opportunity to maintain a reasonable standard of living, retain young workers, and provide and promote quality education throughout the state. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2007."

The Amendment was read the first time, rules suspended and read the secon	nd time and
By: Senator Horn	
LMG/LLG - 01-23-2007 16:27	
LMG070	Secretary