

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

A Bill

HOUSE BILL 2219

5
6 By: Representative Davis

7 Filed with: House Committee on Revenue and Taxation
8 pursuant to A.C.A. §10-3-217.

9 For An Act To Be Entitled

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

17 18 19 Subtitle

20 TO CREATE A REBATE OF SALES TAX FOR
21 CONSTRUCTION MATERIALS PURCHASED BY THE
22 HIGHWAY DEPARTMENT AND USED FOR PUBLIC
23 ROAD CONSTRUCTION PROJECTS; AND TO CREATE
24 A USE TAX EXEMPTION FOR CONSTRUCTION
25 MATERIALS.

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28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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30 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 5, is
31 amended to add an additional section to read as follows:

32 26-52-524. Rebate of sales tax on eligible construction materials for
33 public road construction projects.

34 (a) As used in this section:

35 (1)(A) "Eligible construction material" means an item of
36 tangible personal property used directly as part of a public road

1 construction project, including without limitation construction materials and
2 consumables that are used in a public road construction project that will
3 remain part of the completed public road construction project or are consumed
4 in the construction process.

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

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

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

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

21 (d) The aggregate total amount of the rebate under this section and
22 the exemption in § 26-53-150 shall not exceed twenty-five million dollars
23 (\$25,000,000) during any fiscal year.

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

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

30 26-53-150. Exemption for eligible construction materials for public
31 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) Sales of eligible construction materials to be used or consumed in
13 a public road construction project are exempt from the compensating use tax
14 levied by this subchapter.

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

18 (d) The aggregate total amount of the rebate in § 26-52-524 and the
19 exemption in this section shall not exceed twenty-five million dollars
20 (\$25,000,000) during any fiscal year.

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

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

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30 Referred by the Arkansas House of Representatives

31 Prepared by: VJF

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