

INTERIM STUDY PROPOSAL 2019-071

1
2 State of Arkansas
3 92nd General Assembly
4 Regular Session, 2019

A Bill

HOUSE BILL 1888

5
6 By: Representative Penzo

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

For An Act To Be Entitled

9
10 AN ACT TO CREATE A SALES AND USE TAX EXEMPTION FOR
11 CONSTRUCTION MATERIALS USED BY THE ARKANSAS
12 DEPARTMENT OF TRANSPORTATION IN PUBLIC CONSTRUCTION
13 PROJECTS; TO DECLARE AN EMERGENCY; AND FOR OTHER
14 PURPOSES.

Subtitle

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18 TO CREATE A SALES AND USE TAX EXEMPTION
19 FOR CONSTRUCTION MATERIALS USED BY THE
20 ARKANSAS DEPARTMENT OF TRANSPORTATION IN
21 PUBLIC CONSTRUCTION PROJECTS; AND TO
22 DECLARE AN EMERGENCY.

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

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27 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4 is amended
28 to add an additional section to read as follows:

29 26-52-452. Construction materials for public construction projects.

30 (a) As used in this section:

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

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

6 (2)(A) "Public construction project" means a construction
7 project initiated by the Arkansas Department of Transportation and paid for
8 with public funds.

9 (B) "Public construction project" includes only the
10 portion of the construction project that is paid for with public funds;

11 (3) "Public entity" means the state, a political subdivision of
12 the state, and the United States Government; and

13 (4) "Public funds" means funds or guarantees from a public
14 entity.

15 (b) The gross receipts or gross proceeds derived from the sale of an
16 eligible construction material are exempt from the gross receipts tax levied
17 under this chapter and the compensating use tax levied under the Arkansas
18 Compensating Tax Act of 1949, § 26-53-101 et seq.

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20 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
21 General Assembly of the State of Arkansas that the highways, roads, streets,
22 and bridges of this state are in dire need of construction, reconstruction,
23 and maintenance; that well-maintained roadways are necessary for economic
24 development in this state; and that exempting certain purchases of the
25 Arkansas Department of Transportation from sales and use taxes will enable
26 the department to dedicate more funds toward constructing, reconstructing,
27 and maintaining the roadways in the state. Therefore, an emergency is
28 declared to exist, and this act being necessary for the preservation of the
29 public peace, health, and safety shall become effective on July 1, 2019.

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32 Referred requested by the Arkansas House of Representatives

33 Prepared by: JLL/VJF

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