

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Senator Moore

SENATE BILL 34

"AN ACT TO AMEND SECTION 5 OF ACT 57 OF 1959, AS AMENDED
[ARK. STATS. 84-2117] TO INCREASE THE MAXIMUM ANNUAL
SEVERANCE TAX CREDIT ALLOWED OIL PRODUCERS OPERATING APPROVED
UNDERGROUND SALT WATER DISPOSAL SYSTEMS TO ONE MILLION
DOLLARS PER YEAR; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 5 of Act 57 of 1959 as amended, the same being
Arkansas Statutes 84-2117, is hereby amended to read as follows:

"Section 5. Each oil producer having a permit from the Commissioner authorizing such oil producer to obtain the benefits of this Act shall, upon forms prescribed by the Commissioner, and upon such rules and regulations as may be prescribed by the Commissioner, report during each tax reporting period the total barrels of oil produced by oil wells producing salt water during such reporting period and shall compute the total severance tax due on such oil production. Such oil producer shall be entitled to a credit on such severance tax due during such reporting period in the amount of the cost, as defined in section 6 thereof, of such oil producer in maintaining, during such reporting period, an approved underground salt water disposal system. If the cost of maintaining such approved underground salt water disposal system during such reporting period shall be less than the total severance tax due for such reporting period the oil producer shall pay to the Commissioner the amount that the total tax exceeds such cost. In the event the cost of maintaining such approved underground salt water disposal system during such tax reporting period shall exceed the total severance tax due during such period, the oil producer shall be given a credit for the total severance tax due for such reporting period, but in no event shall such oil producer be permitted to credit such excess of cost over the total severance tax due for such reporting

period to any oil severance tax that may have been paid, or that may become due, during any previous or subsequent tax reporting period.

The total severance tax credits allowed all oil producers during any calendar year, by the Commissioner, shall not exceed one million dollars (\$1,000,000).

If, during any calendar year, the total severance tax credits of all oil producers operating approved underground salt water disposal systems exceed the total maximum allowable severance tax credit mentioned above, the Commissioner of Revenues shall prorate the allowable credits among the respective oil producers with credit due each producer calculated to the total of all severance tax credits due all oil producers.

The oil producer obtaining the benefits of the provisions of this Act shall maintain for a period of not less than three (3) years, such records, as may be required by the Commissioner that may be necessary to justify the cost credits allowed by this Act. In addition, such oil producer shall report any additional or supporting information as may be required by the Commissioner during each tax reporting period as may be necessary to support the credit claimed by such oil producer."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

