

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

SENATE BILL 445

"AN ACT TO AMEND SUBSECTION (e) OF SECTION 2 OF ACT 136 OF 1947, AS AMENDED, TO REVISE THE RATES FOR SEVERANCE TAX ON NATURAL GAS PRODUCED IN THIS STATE; DECLARING AN EMERGENCY; AND FOR ALL OTHER PURPOSES."

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

SECTION 1. Subsection (e) of Section 2 of Act 136 of 1947, as amended, the same being Ark. Stats. Ann. Section 84-2102(e), is hereby amended to read as follows:

"(e) On natural gas three percent (3%) and oil, five percent (5%) of the market value at the time and point of severance; provided, however, that whenever the production of oil or gas, from a well which is measured separately or from a group of wells which are measured separately, averages ten (10) barrels or less per well per day or sixty thousand (60,000) cubic feet or less of natural gas per well per day during any calendar month, the severance tax on oil or natural gas produced from that well or group of wells during that month shall be computed at the rate of two percent (2%) for natural gas and oil four percent (4%) of the market value at the time and point of severance. The Commissioner of Revenue shall have the power to promulgate such rules and regulations as shall be necessary to effectively enforce the foregoing provisions."

SECTION 2. For wells in production prior to January 1, 1983, the tax shall be three tenths of one cent (3/10 of 1 cent) per 1000 cubic feet.

SECTION 3. It is hereby found and determined by the General Assembly that additional general revenues are needed to enable the State to maintain essential services of government and to meet the commitments of a number of

said programs for new and expanded services; that severance taxes on natural gas produced in this State are substantially lower than severances taxes levied on natural gas produced in neighboring states; and that the immediate passage of this Act is necessary to enable the State to gain benefits of additional revenues derived from the severance taxes on natural gas produced in this State, in order to accomplish the purposes as outlined herein. Therefore, an emergency is hereby declared to exist, and this Act being necessary for the immediate preservation of the public peace, health, and safety, shall be in full force and effect on and after July 1, 1987.

