

State of Arkansas

77th General Assembly

A Bill

HOUSE BILL

Third Extraordinary Session, 1989

CALL ITEM 1105

By: Representatives Flanagan, Goodwin, and Davis

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 26-58-111 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. Arkansas Code 26-58-111(5) is hereby amended to read as follows:

"(5) On natural gas three percent (3%) of the market value at the time and point of severance; provided, however, that whenever the production of 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 natural gas produced from that well or group of wells during that month shall be computed at the rate of two percent (2%) 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. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 4. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 5. EMERGENCY. 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 severance 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, 1990.