

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Senator Bearden

A Bill

SENATE BILL 392

For An Act To Be Entitled

"AN ACT TO CLARIFY THE TAXATION OF NATURAL GAS USED IN
MANUFACTURING AGRICULTURAL FERTILIZER, AMMONIA AND UREA
FOR GROSS RECEIPTS TAX PURPOSES; AND FOR OTHER PURPOSES."

Subtitle

"TO CLARIFY THE TAXATION OF NATURAL GAS
USED FOR MANUFACTURING AGRICULTURAL
FERTILIZER, AMMONIA AND UREA FOR GROSS
RECEIPTS TAX PURPOSES."

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

SECTION 1. Arkansas code Annotated Title 26, Chapter 52, Subchapter 4
is amended to add the following section:

"26-52-426.

There is specifically exempted from the tax imposed by this chapter the
following:

*The gross receipts or gross proceeds derived from the sale of natural
gas used or consumed in the process of producing, manufacturing, or
processing, agricultural fertilizer, ammonia and urea, provided that not less
than fifty percent (50%) of the natural gas sold, used or consumed in any
reporting period is classified as having been sold for the purposes of resale
or the subject matter of resale as provided in Ark. Code Ann. §26-52-
401(12)."*

SECTION 2. 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.

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SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

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 All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 5. Emergency. It is hereby and determined by the General Assembly that agricultural fertilizer, ammonia and urea are manufactured using unique manufacturing processes which rely on natural gas to provide both a primary raw material and a source of combustion required for specific chemical reactions to occur, that present distinctions between these two uses in a unified manufacturing process is creating a hardship for the agricultural fertilizer, ammonia and urea manufacturers doing business in this State, and that the immediate passage of this act is necessary to protect jobs and industry currently located in this state, to encourage expansions by existing industries, to encourage new industries to locate in this state, and to reduce the manufacturing cost of agricultural fertilizer, ammonia and urea for the 1995 growing season and thereafter, for the benefit of Arkansas farmers and the public at large. 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 from and after its passage and approval.

/s/Bearden

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