

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

As Engrossed: H2/17/05

A Bill

HOUSE BILL 1589

5 By: Representative Mahony
6
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For An Act To Be Entitled

9 AN ACT TO CLARIFY THAT ELECTRICITY PURCHASED FOR
10 USE AS A RAW MATERIAL IN A CHLOR-ALKALI
11 MANUFACTURING PROCESS IS EXEMPT FROM SALES AND
12 USE TAX; AND FOR OTHER PURPOSES.
13

Subtitle

15 TO CLARIFY THAT ELECTRICITY PURCHASED
16 FOR USE AS A RAW MATERIAL IN A CHLOR-
17 ALKALI MANUFACTURING PROCESS IS EXEMPT
18 FROM SALES AND USE TAX.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4 is amended
24 to add an additional section to read as follows:

25 26-52-438. Chlor-alkali manufacturing process.

26 The gross receipts or gross proceeds derived from the sale of
27 electricity used as a raw material to provide electrons for the production of
28 chlorine and other chemicals using a chlor-alkali manufacturing process is
29 exempt from the gross receipts tax levied by the Arkansas Gross Receipts Act
30 of 1941, § 26-52-101 et seq.
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32 SECTION 2. Legislative intent.

33 (a) The General Assembly finds that existing law exempts from sales
34 and use tax certain raw materials sold for use in manufacturing; that the
35 chlor-alkali process used by chemical manufacturers combines salt, water, and
36 electricity to product chlorine, sodium hydroxide, and other chemicals; and



1 that electricity is a necessary ingredient in the chlor-alkali manufacturing
2 process and should be treated as a raw material for sales and use tax
3 purposes.

4 (b) The purpose of this act is to clarify the General Assembly's
5 intent that electricity used as a raw material in the chlor-alkali process is
6 exempt from sales and use tax as a raw material.

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/s/ Mahony