

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 86th General Assembly  
3 Regular Session, 2007

# A Bill

HOUSE BILL 2329

4  
5 By: Representative Lowery  
6  
7

## For An Act To Be Entitled

8  
9 AN ACT TO PROVIDE A SALES AND USE TAX CREDIT FOR  
10 THE TAXES PAID IN EXCESS OF A STATED AMOUNT ON  
11 NATURAL GAS USED TO GENERATE ELECTRICITY IN THIS  
12 STATE; AND FOR OTHER PURPOSES.  
13

## Subtitle

14  
15 TO PROVIDE A SALES AND USE TAX CREDIT  
16 FOR THE TAXES PAID IN EXCESS OF A STATED  
17 AMOUNT ON NATURAL GAS USED TO GENERATE  
18 ELECTRICITY IN THIS STATE.  
19  
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
22

23 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4 is amended  
24 to add a new section to read as follows:

25 26-52-441. Tax credit for the purchase of natural gas used to generate  
26 electricity.

27 (a) As used in this section, "state sales and use tax" means the gross  
28 receipts tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101  
29 et seq., and the compensating use tax levied by the Arkansas Compensating Tax  
30 Act of 1949, § 26-53-101 et seq.

31 (b) The state sales and use tax levied on natural gas purchases by all  
32 taxpayers used to generate electricity at generating facilities in this state  
33 shall be imposed up to a maximum aggregate amount of twenty-seven million  
34 dollars (\$27,000,000) per year.

35 (c)(1) If the amount of state sales and use tax imposed on natural gas  
36 purchases by taxpayers used to generate electricity at generating facilities



1 in this state exceeds twenty-seven million dollars (\$27,000,000) per year in  
2 the aggregate, the taxpayers that paid the sales and use tax are entitled to  
3 receive a sales and use tax credit equal to the amount of state sales and use  
4 tax paid in excess of the maximum aggregate of twenty seven-million dollars  
5 (\$27,000,000) per year.

6 (2) Natural gas sold to taxpayers for any other purpose shall  
7 not be included when calculating the aggregate amount of state sales and use  
8 tax paid to suppliers of natural gas in subdivision (c)(1) of this section.

9 (d) The state sales and use tax credit provided in subsection (c) of  
10 this section shall be issued on a pro-rata basis to the taxpayer by the  
11 Department of Finance and Administration.

12 (e)(1) The state sales and use tax credit issued under subsection (d)  
13 of this section shall be applied to any state sales and use tax owed by the  
14 taxpayer on a direct pay sales and use tax report filed by the taxpayer  
15 receiving the state sales and use tax credit in the calendar year following  
16 the calendar year in which the excess state sales and use tax is paid.

17 (2) The state sales and use tax credit issued in subsection (d)  
18 of this section shall not be applied to any local sales and use tax or other  
19 special tax owed by the taxpayer.

20 (f) The amount of the sales and use tax credit issued in subsection  
21 (d) of this section that may be claimed in a direct pay sales and use tax  
22 report shall not exceed the amount of state sales and use tax due by the  
23 taxpayer.

24 (g) Any unused sales and use tax credit issued under subsection (d) of  
25 this section may be carried forward for a period of up to three (3)  
26 consecutive tax years following the year in which the state sales and use tax  
27 credit was first available for use.

28 (h) To qualify for the state sales and use tax credit provided in  
29 subsection (c) of this section, the generating facility must have a separate  
30 natural gas meter for the natural gas used to generate electricity.

31 (i) The Director of the Department of Finance and Administration shall  
32 promulgate rules for the proper administration of this section.

33  
34 SECTION 2. Section 1 of this act becomes effective on the first day of  
35 the calendar quarter following the effective date of this act.