

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
4

As Engrossed: H3/19/07

A Bill

HOUSE BILL 2329

5 By: Representative Lowery
6
7

For An Act To Be Entitled

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 TO PROVIDE A SALES AND USE TAX CREDIT
15 FOR THE TAXES PAID IN EXCESS OF A STATED
16 AMOUNT ON NATURAL GAS USED TO GENERATE
17 ELECTRICITY IN THIS STATE.
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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 for sale at retail or wholesale shall be imposed up to a maximum aggregate
34 amount of twenty-seven million dollars (\$27,000,000) per year.

35 (c)(1) If the aggregate amount of state sales and use tax paid on
36 purchases of natural gas that is used to generate electricity at generating



1 facilities in this state for sale at retail or wholesale exceeds twenty-seven
2 million dollars (\$27,000,000) during a calendar year, each taxpayer that paid
3 the sales and use tax is entitled to receive a sales and use tax credit in
4 the amount calculated as provided in subsection (d) of this section.

5 (2) Natural gas sold to taxpayers for any other purpose shall
6 not be included when calculating the aggregate amount of state sales and use
7 tax paid by purchasers as provided in subdivision (c)(1) of this section or
8 for purposes of calculating the credit.

9 (d) The state sales and use tax credit provided in subsection (c) of
10 this section shall be issued to each taxpayer as provided in subdivision
11 (c)(1) of this section and shall be calculated as follows:

12 (1) The annual amount of credit issued to each taxpayer shall be
13 a percentage of the aggregate amount of tax in excess of twenty-seven
14 million dollars (\$27,000,000) paid on natural gas purchases during the
15 calendar year; and

16 (2) For purposes of the calculation, the percentage for each
17 taxpayer entitled to the credit shall be a fraction whose numerator is the
18 tax paid by the taxpayer during the calendar year on natural gas purchases
19 and whose denominator is the aggregate amount of tax paid by all taxpayers
20 entitled to the credit on natural gas purchases during the calendar year.

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

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

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

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

