## 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	As Engrossed: H3/19/07	
2	86th General Assembly	A Bill	
3	Regular Session, 2007		HOUSE BILL 2329
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5	By: Representative Lowery		
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8		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; A	AND FOR OTHER PURPOSES.	
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14		Subtitle	
15	TO PF	ROVIDE A SALES AND USE TAX CREDIT	
16	FOR T	THE TAXES PAID IN EXCESS OF A STATI	ED
17	AMOUN	NT ON NATURAL GAS USED TO GENERATE	
18	ELECT	TRICITY IN THIS STATE.	
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21	BE IT ENACTED BY THE G	ENERAL ASSEMBLY OF THE STATE OF AR	RKANSAS:
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23	SECTION 1. Arka	nsas Code Title 26, Chapter 52, Su	ıbchapter 4 is amended
24	to add a new section t	o read as follows:	
25	<u>26-52-441. Tax</u>	credit for the purchase of natural	l gas used to generate
26	electricity.		
27	(a) As used in	this section, "state sales and use	e tax" means the gross
28	receipts tax levied by	the Arkansas Gross Receipts Act o	of 1941, § 26-52-101
29	et seq., and the compe	nsating use tax levied by the Arka	ansas Compensating Tax
30	Act of 1949, § 26-53-1	<u>01 et seq.</u>	
31	(b) The state s	ales and use tax levied on natural	l gas purchases by all
32	taxpayers used to gene	rate electricity at generating fac	cilities 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	r year.
35	(c)(l) If the a	ggregate amount of state sales and	d use tax paid on
36	purchases of natural g	as that is used to generate electi	ricity at generating

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- facilities in this state for sale at retail or wholesale exceeds twenty-seven 1 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)(l) of this section and shall be calculated as follows: 12 (1) The annual amount of credit issued to each taxpayer shall be a percentage of the aggregate amount of tax in excess of twenty-seven 13 million dollars (\$27,000,000) paid on natural gas purchases during the 14 15 calendar year; and 16 (2) For purposes of the calculation, the percentage for each taxpayer entitled to the credit shall be a fraction whose numerator is the 17 tax paid by the taxpayer during the calendar year on natural gas purchases 18 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 report shall not exceed the amount of state sales and use tax due by the 31 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)

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credit was first available for use.

consecutive tax years following the year in which the state sales and use tax

1	(h) To qualify for the state sales and use tax credit provided in		
2	subsection (c) of this section, the generating facility shall have a separate		
3	natural gas meter for the natural gas used to generate electricity or		
4	otherwise establish qualifying use in accordance with the rules issued under		
5	subsection (i) of this section and shall file a report with the Department of		
6	Finance and Administration no later than January 31 following the end of the		
7	calendar year that reports the amount of tax paid on purchases of natural gas		
8	in the previous calendar year on forms to be provided by the department.		
9	(i) The Director of the Department of Finance and Administration shall		
10	promulgate rules for the proper administration of this section.		
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12	SECTION 2. Section 1 of this act becomes effective on the first day of		
13	the calendar quarter following the effective date of this act.		
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15	/s/ Lowery		
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