

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

SENATE BILL 113

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By: Senators Horn, J. Jeffress, G. Jeffress, Altes, T. Smith, J. Taylor, Trusty, B. Pritchard, Baker  
By: Representatives Anderson, Maxwell, Key, Ragland, Reep, Medley, Rosenbaum, Sample, Cheatham,  
Berry, Burkes, Cornwell, L. Cowling, Flowers, Garner, Glidewell, R. Green, Hall, Lowery, M. Martin,  
Moore, Patterson, Pierce, Saunders, Wills, Burris

## For An Act To Be Entitled

AN ACT TO PROMOTE ECONOMIC DEVELOPMENT WITHIN THE  
STATE BY EXEMPTING FROM THE STATE SALES TAX  
ENERGY USED OR CONSUMED IN MANUFACTURING; AND FOR  
OTHER PURPOSES.

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## Subtitle

TO PROMOTE ECONOMIC DEVELOPMENT WITHIN  
THE STATE BY EXEMPTING FROM THE STATE  
SALES TAX ENERGY USED OR CONSUMED IN  
MANUFACTURING.

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

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SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4 is amended to add an additional section to read as follows:

26-52-441. Energy used by manufacturers.

(a) As used in this section:

(1) "Energy" means natural gas, electricity, fuel oil, steam, coal, lignite, liquefied petroleum gas, organic biomass, or petroleum coke;

(2)(A)(i) "Industrial processing" means the activity of creating, converting, or conditioning tangible personal property by changing the form, composition, quality, combination, or character of the tangible personal property for ultimate sale at retail as a product or for use in the manufacturing of a product to be ultimately sold at retail.



1                   (ii) Industrial processing begins when tangible  
 2 personal property first moves from raw materials storage to industrial  
 3 processing and ends when finished goods first come to rest in finished goods  
 4 inventory storage.

5                   (B) “Industrial processing” does not include:

6                   (i) Purchasing, receiving, or storing raw materials;

7                   (ii) Selling, distributing, warehousing, shipping,  
 8 or advertising; or

9                   (iii) Conducting activities in a residence; and

10                  (3) “Manufacturer” means a person, company, partnership,  
 11 corporation, or joint venture that:

12                   (A) Uses more than fifty percent (50%) of the energy that  
 13 it purchases for industrial processing; and

14                   (B) Is lawfully engaged in the business of industrial  
 15 processing in this state.

16                  (b) The gross receipts or gross proceeds derived from the sale of  
 17 energy to a manufacturer are exempt from the gross receipts tax levied by the  
 18 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq.

19  
 20                  SECTION 2. Arkansas Code § 26-52-425 is amended to read as follows:

21                  26-52-425. Substitute fuel for manufacturing.

22                  (a) There is specifically exempted from the tax imposed by §§ 26-52-  
 23 301 and 26-52-302, the gross receipts or gross proceeds derived from the sale  
 24 of substitute fuel used in producing, manufacturing, fabricating, assembling,  
 25 processing, finishing, or packaging of articles of commerce at manufacturing  
 26 or processing plants or facilities in the State of Arkansas.

27                  (b) As used in this section: The terms “manufacturing” or “processing”  
 28 shall have the same meaning as set out in § 26-52-402(b).

29                   (1) “Manufacturing” means the same as set out in § 26-52-402(b);

30                   (2) “Processing” means the same as set out in § 26-52-402(b);

31 and

32                   (3) ~~The term “substitute fuel”~~ “Substitute fuel” shall mean  
 33 means products or materials which have been derived from fuel derived from  
 34 combusting the following product or material, or combination of product or  
 35 material, to produce heat or power:

36                   (A) ~~from tires;~~

- 1                    (B) ~~from municipal or other solid waste;~~
- 2                    (C) ~~from used motor oil;~~
- 3                    (D) ~~from used railroad ties;~~
- 4                    (E) ~~or from petroleum-based waste,~~Petroleum coke or
- 5 petroleum-based byproducts;
- 6                    (F) Agricultural waste or agricultural byproducts;
- 7                    (G) Wood chips or other wood byproducts; or
- 8                    (H) Combustible byproducts of a manufacturing operation.
- 9 ~~for use in producing heat or power by burning, provided, however, that the~~
- 10 ~~term "solid waste" shall be strictly construed to only include a waste as~~
- 11 ~~commonly understood on the date of enactment, excluding solid wood chips and~~
- 12 ~~other wood products.~~

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14                    SECTION 3. This act shall become effective on March 1, 2007.

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