

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 119

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

## For An Act To Be Entitled

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10  
11 AN ACT TO PROMOTE ECONOMIC DEVELOPMENT WITHIN THE  
12 STATE BY EXEMPTING FROM THE STATE SALES AND USE  
13 TAX FUEL AND ENERGY USED OR CONSUMED IN  
14 MANUFACTURING; AND FOR OTHER PURPOSES.  
15

## Subtitle

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18 TO PROMOTE ECONOMIC DEVELOPMENT WITHIN  
19 THE STATE BY EXEMPTING FROM THE STATE  
20 SALES AND USE TAX FUEL AND ENERGY USED  
21 OR CONSUMED IN MANUFACTURING.  
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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26 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4 is amended  
27 to add an additional section to read as follows:

28 26-52-441. Fuel and energy used in manufacturing and processing.

29 (a) As used in this section:

30 (1) "Directly" means the same as described in § 26-52-402(c);

31 (2) "Fuel and energy" means natural gas, electricity, fuel oil,  
32 steam, coal, lignite, wood chips, wood by products, nuclear fuel, liquefied  
33 petroleum gas and petroleum coke;

34 (3) "Manufacture" includes, without limitation:

35 (A) Assembling;

36 (B) Fabricating;



- 1                   (C) Finishing;  
 2                   (D) Packaging;  
 3                   (E) Processing; or  
 4                   (F) Producing; and

5                   (4) "Manufacturing or processing" means the same as described in  
 6 § 26-52-402(b) and includes the generation of electricity for sale; and

7                   (5) "Used directly" means the same as described in § 26-52-  
 8 402(c);

9                   (b) The gross receipts or gross proceeds derived from the sale of fuel  
 10 and energy used to operate machinery and equipment at a manufacturing or  
 11 processing plant or facility are exempt from the gross receipts taxes levied  
 12 by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq. and the  
 13 Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq. if:

14                   (1) The fuel and energy is used directly to:

15                   (A) Manufacture articles of commerce; or

16                   (B) Prevent or reduce air or water pollution or a  
 17 contamination as described in § 26-52-402(a)(3); and

18                   (2) The predominant use of the fuel and energy used per month or  
 19 per regular monthly billing period and delivered through a single meter is  
 20 for an exempt purpose as described in subdivision (b)(1) of this section.

21                   (c) The Department of Finance and Administration shall promulgate  
 22 rules to implement this section.

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 24                   SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
 25 General Assembly of the State of Arkansas that the sales and use taxes that  
 26 Arkansas imposes on fuel and energy used in manufacturing and processing far  
 27 exceed the taxes imposed by competing states; that competing states have  
 28 reduced or eliminated their taxes on fuel and energy used in manufacturing  
 29 and processing; that Arkansas has suffered a significant job loss in the  
 30 manufacturing sector in the last two years; that Arkansas has failed to  
 31 attract new manufacturing projects due in part to the tax advantages of  
 32 competing states; and that manufacturing jobs are a crucial part of the  
 33 Arkansas economy and must be preserved and expanded in order to provide  
 34 citizens the opportunity to maintain a reasonable standard of living, retain  
 35 young workers and provide and promote quality education throughout the state.  
 36 Therefore, an emergency is declared to exist and this act being immediately

1 necessary for the preservation of the public peace, health, and safety shall  
2 become effective on July 1, 2007.

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