

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: S1/25/07

A Bill

SENATE BILL 119

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, *Stewart*
9

For An Act To Be Entitled

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
16

Subtitle

17
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.
22
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 *SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4 is*
27 *amended 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
32 oil, steam, coal, lignite, wood chips, wood by-products, nuclear fuel,
33 liquefied petroleum gas, and petroleum coke;

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

36 (4) "Used directly" means the same as described in § 26-52-



1 402(c).

2 (b) The gross receipts or gross proceeds derived from the sale of fuel
3 and energy are exempt from the gross receipts taxes levied by the Arkansas
4 Gross Receipts Act of 1941, § 26-52-101 et seq. if used for one (1) or both
5 of the following purposes at a manufacturing or processing plant or facility
6 in the state:

7 (1) To operate machinery and equipment used directly in
8 producing, manufacturing, fabricating, assembling, processing, finishing, or
9 packaging of articles of commerce as described in § 26-52-402(a)(1)(A); and

10 (2) To operate machinery and equipment required to prevent or
11 reduce air or water pollution or contamination as described in § 26-52-
12 402(a)(3).

13 (c) If fuel and energy is delivered through a single meter used for
14 both an exempt purpose and a taxable purpose during a regular billing period,
15 the eligibility for the exemption under this section is determined by the
16 predominant use of the fuel and energy delivery measured by the single meter.

17 (d) The Department of Finance and Administration shall promulgate
18 rules to implement this section.

19
20 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
21 General Assembly of the State of Arkansas that the sales and use taxes that
22 Arkansas imposes on fuel and energy used in manufacturing and processing far
23 exceed the taxes imposed by competing states; that competing states have
24 reduced or eliminated their taxes on fuel and energy used in manufacturing
25 and processing; that Arkansas has suffered a significant job loss in the
26 manufacturing sector in the last two (2) years; that Arkansas has failed to
27 attract new manufacturing projects due in part to the tax advantages of
28 competing states; and that manufacturing jobs are a crucial part of the
29 Arkansas economy and must be preserved and expanded in order to provide
30 citizens the opportunity to maintain a reasonable standard of living, retain
31 young workers, and provide and promote quality education throughout the
32 state. Therefore, an emergency is declared to exist and this act being
33 necessary for the preservation of the public peace, health, and safety shall
34 become effective on July 1, 2007.

35
36 /s/ Horn