

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 87th General Assembly
3 Regular Session, 2009

A Bill

HOUSE BILL 1624

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By: Representatives Dunn, Baird, Barnett, Breedlove, J. Burris, M. Burris, Carnine, Carter, Clemmer, Dale, Dismang, English, Garner, Glidewell, R. Green, Hopper, D. Hutchinson, Hyde, Kerr, King, Lea, S. Malone, M. Martin, Moore, Pennartz, Reynolds, Rice, J. Roebuck, Wells

For An Act To Be Entitled

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

Subtitle

17 TO PROMOTE ECONOMIC DEVELOPMENT WITHIN
18 THE STATE BY EXEMPTING FROM THE STATE
19 SALES TAX FUEL AND ENERGY USED OR
20 CONSUMED IN MANUFACTURING.

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

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

27 26-52-442. Fuel and energy used in manufacturing and processing plants
28 and facilities.

29 (a) As used in this section:

30 (1) "Fuel and energy" means natural gas, electricity, fuel oil,
31 steam, coal, lignite, wood chips, wood byproducts, nuclear fuel, liquefied
32 petroleum gas, and petroleum coke;

33 (2) "Manufacturing" means the same as described in § 26-52-
34 402(b), including the generation of electricity for sale; and

35 (3) "Processing" means the same as described in § 26-52-402(b);

36 (4) "Required to prevent or reduce air or water pollution or



1 contamination” means the same as described in § 26-52-402(a)(3); and

2 (5) “Used directly” means the same as described in § 26-52-
 3 402(c).

4 (b) The gross receipts or gross proceeds derived from the sale of fuel
 5 and energy used to operate machinery and equipment used directly in
 6 producing, manufacturing, fabricating, assembling, processing, finishing, or
 7 packaging of articles of commerce, or required to prevent or reduce air or
 8 water pollution or contamination that might otherwise result from the
 9 operation of a manufacturing or processing plant or facility, at a
 10 manufacturing and processing plant or facility in the state are exempt from
 11 the gross receipts taxes levied in this chapter and the compensating use
 12 taxes levied in the Arkansas Compensating Tax Act of 1949, § 26-53-101 et
 13 seq.

14 (c)(1) Any type of fuel and energy used during a regular monthly
 15 billing period or on a monthly basis for both exempt and taxable purposes
 16 that is delivered through a single meter is totally exempt or taxable based
 17 on the predominant use of the deliveries measured by that meter.

18 (2) The Director of the Department of Finance and Administration
 19 may prescribe by rule the procedures by which to establish the predominant
 20 use of fuel and energy delivered through a single meter.

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 22 SECTION 2. Emergency Clause. It is found and determined by the General
 23 Assembly of the State of Arkansas that the sales and use taxes that Arkansas
 24 imposes on fuel and energy used in manufacturing and processing far exceed
 25 the taxes imposed by competing states, that competing states have reduced or
 26 eliminated their taxes on fuel and energy used in manufacturing and
 27 processing in recent years, that Arkansas has suffered a significant loss of
 28 jobs in the manufacturing sector in recent years and has failed to attract
 29 potential manufacturing projects for reasons that include tax comparisons
 30 with other states, and that manufacturing jobs are a crucial part of the
 31 Arkansas economy and must be preserved and expanded in order to provide
 32 citizens the opportunity to maintain a reasonable standard of living, retain
 33 young workers, and provide and promote quality education throughout the
 34 state. Therefore, an emergency is declared to exist and this act being
 35 necessary for the preservation of the public peace, health, and safety shall
 36 become effective on July 1, 2009.