

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

SENATE BILL 875

4
5 By: Senator Horn
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For An Act To Be Entitled

8
9 AN ACT TO REDUCE THE SALES AND USE TAX RATE ON
10 UTILITIES USED BY A MANUFACTURER; AND FOR OTHER
11 PURPOSES.
12

Subtitle

13
14 TO REDUCE THE SALES AND USE TAX RATE ON
15 UTILITIES USED BY A MANUFACTURER.
16
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Arkansas Code § 26-52-319(a), concerning natural gas and
21 electricity used by manufacturers, is amended to read as follows:

22 (a)(1)(A) Beginning July 1, 2007, in lieu of the gross receipts or
23 gross proceeds tax levied in §§ 26-52-301 and 26-52-302(a)-(d), there is
24 levied an excise tax on the gross receipts or gross proceeds derived from the
25 sale of natural gas and electricity to a manufacturer for use directly in the
26 actual manufacturing process at the rate of four and three-eighths percent
27 (4.375%).

28 ~~(2)~~(B) Beginning July 1, 2008, and ending on June 30, 2009, the
29 tax rate levied in subdivision ~~(a)(1)~~(a)(1)(A) of this section shall be
30 imposed at the rate of three and seven-eighths percent (3.875%).

31 (C) Beginning July 1, 2009, the excise tax rate levied in
32 subdivision (a)(1)(A) of this section shall be imposed at the rate of three
33 and three-eighths percent (3.375%).

34 ~~(3)~~(2) The taxes levied in this subsection (a) shall be
35 distributed as follows:

36 (A) Seventy-six and six-tenths percent (76.6%) of the tax,



1 interest, penalties, and costs received by the Director of the Department of
2 Finance and Administration shall be deposited as general revenues;

3 (B) Eight and five-tenths percent (8.5%) of the tax,
4 interest, penalties, and costs received by the director shall be deposited
5 into the Property Tax Relief Trust Fund; and

6 (C) Fourteen and nine-tenths percent (14.9%) of the tax,
7 interest, penalties, and costs received by the director shall be deposited
8 into the Educational Adequacy Fund.

9 ~~(4)(A)(3)(A)~~ The excise tax levied in this section applies only
10 to natural gas and electricity sold for use directly in the actual
11 manufacturing process.

12 (B) Natural gas and electricity sold for any other purpose
13 shall be subject to the full gross receipts or gross proceeds tax levied
14 under §§ 26-52-301 and 26-52-302(a)-(d).

15 ~~(5)(4)~~ The excise tax levied in this section shall be collected,
16 reported, and paid in the same manner and at the same time as is prescribed
17 by law for the collection, reporting, and payment of all other Arkansas gross
18 receipts taxes.

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20 SECTION 2. Arkansas Code § 26-53-148(a), concerning natural gas and
21 electricity used by manufacturers, is amended to read as follows:

22 (a)(1)(A) Beginning July 1, 2007, in lieu of the tax levied in §§ 26-
23 53-106 and 26-53-107(a)-(d), there is levied an excise tax on the sales price
24 of natural gas and electricity purchased by a manufacturer for use directly
25 in the actual manufacturing process at the rate of four and three-eighths
26 percent (4.375%).

27 ~~(2)(B)~~ Beginning July 1, 2008, and ending on June 30, 2009, the
28 tax rate levied in subdivision ~~(a)(1)(a)(1)(A)~~ of this section shall be
29 imposed at the rate of three and seven-eighths percent (3.875%).

30 (C) Beginning July 1, 2009, the excise tax rate levied in
31 subdivision (a)(1)(A) of this section shall be imposed at the rate of three
32 and three-eighths percent (3.375%).

33 ~~(3)(2)~~ The taxes levied in subsection (a) of this section shall
34 be distributed as follows:

35 (A) Seventy-six and six-tenths percent (76.6%) of the tax,
36 interest, penalties, and costs received by the Director of the Department of

1 Finance and Administration shall be deposited as general revenues;

2 (B) Eight and five-tenths percent (8.5%) of the tax,
3 interest, penalties, and costs received by the director shall be deposited
4 into the Property Tax Relief Trust Fund; and

5 (C) Fourteen and nine-tenths percent (14.9%) of the tax,
6 interest, penalties, and costs received by the director shall be deposited
7 into the Educational Adequacy Fund.

8 ~~(4)(A)~~(3)(A) The excise tax levied in this section applies only
9 to natural gas and electricity purchased for use directly in the actual
10 manufacturing process.

11 (B) Natural gas and electricity purchased for any other
12 purpose shall be subject to the full compensating use tax levied under §§ 26-
13 53-106 and 26-53-107(a)-(d).

14 ~~(5)(4)~~ The excise tax levied in this section shall be collected,
15 reported, and paid in the same manner and at the same time as is prescribed
16 by law for the collection, reporting, and payment of all other Arkansas
17 compensating use taxes.

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19 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
20 General Assembly of the State of Arkansas that manufacturers in this state
21 have suffered losses due to sharp increases in energy costs; that these
22 manufacturers are unable to set the price for the products they produce and
23 are particularly vulnerable to price volatility; that the current sales and
24 use tax on utilities consumed by these manufacturers located within this
25 state creates a competitive disadvantage; that this act is intended to
26 address that problem by providing a reduced tax rate on utilities consumed by
27 manufacturers located in this state; and that this act is necessary to
28 prevent the loss of manufacturing jobs. Therefore, an emergency is hereby
29 declared to exist and this act being necessary for the preservation of public
30 peace, health, and safety shall become effective on July 1, 2009.

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