

1 State of Arkansas  
2 92nd General Assembly  
3 Regular Session, 2019  
4

# A Bill

HOUSE BILL 1888

5 By: Representative Penzo  
6

## For An Act To Be Entitled

8 AN ACT TO CREATE A SALES AND USE TAX EXEMPTION FOR  
9 CONSTRUCTION MATERIALS USED BY THE ARKANSAS  
10 DEPARTMENT OF TRANSPORTATION IN PUBLIC CONSTRUCTION  
11 PROJECTS; TO DECLARE AN EMERGENCY; AND FOR OTHER  
12 PURPOSES.  
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## Subtitle

15 TO CREATE A SALES AND USE TAX EXEMPTION  
16 FOR CONSTRUCTION MATERIALS USED BY THE  
17 ARKANSAS DEPARTMENT OF TRANSPORTATION IN  
18 PUBLIC CONSTRUCTION PROJECTS; AND TO  
19 DECLARE AN EMERGENCY.  
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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 26-52-452. Construction materials for public construction projects.

28 (a) As used in this section:

29 (1)(A) "Eligible construction material" means tangible personal  
30 property used directly as part of a public construction project, including  
31 without limitation construction materials and consumables that are used in a  
32 public construction project that will remain part of the completed public  
33 construction project or are consumed in the construction process.

34 (B) "Eligible construction material" does not include  
35 construction equipment and tools, motor vehicle fuel, and other tangible  
36 personal property that may be used for purposes of a public construction



1 project that do not remain part of the public construction project or are not  
2 consumed during the construction process;

3 (2)(A) "Public construction project" means a construction  
4 project initiated by the Arkansas Department of Transportation and paid for  
5 with public funds.

6 (B) "Public construction project" includes only the  
7 portion of the construction project that is paid for with public funds;

8 (3) "Public entity" means the state, a political subdivision of  
9 the state, and the United States Government; and

10 (4) "Public funds" means funds or guarantees from a public  
11 entity.

12 (b) The gross receipts or gross proceeds derived from the sale of an  
13 eligible construction material are exempt from the gross receipts tax levied  
14 under this chapter and the compensating use tax levied under the Arkansas  
15 Compensating Tax Act of 1949, § 26-53-101 et seq.

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17 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the  
18 General Assembly of the State of Arkansas that the highways, roads, streets,  
19 and bridges of this state are in dire need of construction, reconstruction,  
20 and maintenance; that well-maintained roadways are necessary for economic  
21 development in this state; and that exempting certain purchases of the  
22 Arkansas Department of Transportation from sales and use taxes will enable  
23 the department to dedicate more funds toward constructing, reconstructing,  
24 and maintaining the roadways in the state. Therefore, an emergency is  
25 declared to exist, and this act being necessary for the preservation of the  
26 public peace, health, and safety shall become effective on July 1, 2019.