

State of Arkansas
90th General Assembly
Regular Session, 2015

As Engrossed: H3/4/15
A Bill

HOUSE BILL 1436

By: Representative G. Hodges

For An Act To Be Entitled

AN ACT TO AMEND THE DISTRIBUTION AND USE OF SEVERANCE TAXES; TO CREATE THE ROAD AND BRIDGE REPAIR, MAINTENANCE, AND GRANTS FUND; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE DISTRIBUTION AND USE OF SEVERANCE TAXES; TO CREATE THE ROAD AND BRIDGE REPAIR, MAINTENANCE, AND GRANTS FUND; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 19-6-201(57), concerning the enumeration of general revenues, is amended to read as follows:

(57) ~~Five~~ The first six hundred seventy-five thousand dollars (\$675,000) of the five percent (5%) of the severance tax collected on natural gas at the rates enacted by § 26-58-111(5);

SECTION 2. Arkansas Code § 19-6-301(238), concerning the enumeration of special revenues, is amended to read as follows:

(238) Ninety-five percent (95%) of the severance tax collected on natural gas at the rates enacted by § 26-58-111(5) and the remainder of the five percent (5%) of the severance tax collected on natural gas under § 26-58-124(c)(1)(B);

SECTION 3. Arkansas Code Title 19, Chapter 6, Subchapter 8, is amended



to add an additional section to read as follows:

19-6-829. Road and Bridge Repair, Maintenance, and Grants Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a special revenue fund to be known as the "Road and Bridge Repair, Maintenance, and Grants Fund".

(b) The fund shall consist of:

(1) Moneys collected under § 26-58-124, as designated under § 26-58-124(c)(1)(B); and

(2) Any other revenues authorized by law.

(c) The fund shall be used for the maintenance, operation, and improvement required by the Arkansas State Highway and Transportation Department in carrying out the functions, powers, and duties stated in Arkansas Constitution, Amendment 42, and §§ 27-65-102 – 27-65-107, 27-65-110, 27-65-122, and 27-65-124, and the other laws of this state prescribing the powers and duties of the department and the State Highway Commission.

SECTION 4. Arkansas Code § 26-58-124(c), concerning the distribution of severance taxes, is amended to read as follows:

(c) All taxes, penalties, and costs collected by the director on natural gas shall be deposited into the State Treasury as follows:

(1) ~~Five~~ In accordance with the Severance Tax Agreement of 2008, five percent (5%) of the funds shall be deposited as ~~general revenues~~ follows:

(A) The first six hundred seventy-five thousand dollars (\$675,000) collected each fiscal year shall be deposited as general revenues; and

(B)(i) The remainder shall be deposited as special revenues into the Road and Bridge Repair, Maintenance, and Grants Fund to be used exclusively for grants to counties for damages resulting from trucks and other heavy machinery used in the extraction of natural gas.

(ii) The grants awarded under subdivision (c)(1)(B)(i) of this section shall be distributed to counties on a pro-rata basis based on the number of active unconventional natural gas wells located within each county; and

(2) Ninety-five percent (95%) of the funds shall be classified

as special revenues and shall be distributed as set forth in the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.

SECTION 5. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that Arkansas bridges and roads are in need of repair and proper maintenance; that the repair and proper maintenance of Arkansas bridges and roads are necessary for the preservation of the public peace, health, and safety; that increased funding is essential to the repair and proper maintenance of Arkansas bridges and roads; and that this act is necessary because without this increased funding, the repair and proper maintenance of Arkansas bridges and roads may not be performed. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2015.

/s/G. Hodges

APPROVED: 03/18/2015