

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
90th General Assembly
Third Extraordinary Session, 2016

A Bill

Call Item 2
SENATE BILL 17

By: Senator A. Clark

For An Act To Be Entitled

AN ACT TO INCREASE FUNDING FOR HIGHWAYS; TO DESIGNATE SPECIAL REVENUES; TO REDUCE THE INCOME TAX ON INDIVIDUALS; TO ESTABLISH A MOTOR FUEL RETAIL SALES TAX AND DISTILLATE SPECIAL FUEL RETAIL SALES TAX; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO INCREASE FUNDING FOR HIGHWAYS; TO DESIGNATE SPECIAL REVENUES; TO REDUCE INCOME TAX; TO ESTABLISH A MOTOR FUEL AND DISTILLATE SPECIAL FUEL RETAIL SALES TAX; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 19-6-301(3), concerning lists of special revenues, is amended to add an additional subdivision to read as follows:

(H) Retail sales tax on distillate special motor fuel levied by Section 6 of this Act;

SECTION 2. Arkansas Code § 19-6-301(4), concerning lists of special revenues, is amended to add an additional subdivision to read as follows:

(F) Retail sales tax on motor fuel levied by Section 5 of this Act;

SECTION 3. TEMPORARY LANGUAGE. DO NOT CODIFY.

(a) Beginning July 1, 2017, and each fiscal year through June 30,



2021, the Director of the Department of Finance and Administration shall determine the amount of revenue collected under Sections 4 and 5 of this act for the previous twelve-month period of collecting the tax.

(b) After making the determination required under subsection (a) of this section, the director shall:

(1) Certify to the Governor and the Office of Economic and Tax Policy the amount of revenues attributable to the collection of sales tax under Sections 4 and 5 of this act during the previous twelve (12) months of collections;

(2)(A) Use the entire amount certified under subdivision (b)(1) of this section to provide an income tax refund to each individual who paid income tax for the previous tax year.

(B) The amount of the income tax refund provided for under subdivision (b)(2)(A) of this section shall be equal for each individual taxpayer;

(3) Certify the amount of the income tax refund to be provided under this subsection to the Governor and the Office of Economic and Tax Policy; and

(4) Distribute the refunds provided for under this section by October 1 of the year in which the determination was made under this section.

SECTION 4. TEMPORARY LANGUAGE. DO NOT CODIFY.

(a) As used in this section:

(1) "Average retail selling price" means the Gulf Coast average retail selling price of motor fuel as published by the United States Energy Information Administration or other similar reliable index if the index published by the United States Energy Information Administration is no longer available; and

(2) "Motor fuel", for purposes of this section, means the same as defined in § 26-55-202.

(b) In addition to the taxes levied in §§ 26-55-205, 26-55-1002, 26-55-1006, 26-55-1201, and 26-56-601, there is levied upon retailers of motor fuel a retail sales tax upon the retail selling price per gallon of motor fuel at the rate determined in subsection (c) of this section.

(c)(1) Beginning August 1, 2016, and ending June 30, 2020, the retail sales tax shall be determined by multiplying the twelve-month average retail

selling price of motor fuel for the period of April 2015 through March 2016 by one and three hundred eighty-eight-thousandths percent (1.388%).

(2) The Director of the Department of Finance and Administration shall determine and convert the tax in subdivision (c)(1)(A) of this section to a cent-per-gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

(d) The Department of Finance and Administration shall publish and notify fuel wholesalers of the cent-per-gallon amount to be collected from retailers under this section.

(e) The retail sales tax shall be paid by retailers of motor fuel to wholesalers who shall collect, report, and remit the tax in the same manner and at the same time as is prescribed by law for the collection, reporting, and payment of the other motor fuel taxes under Arkansas law, including §§ 26-55-210 – 26-55-212, and § 26-55-230(a)(1)(F).

(f) The retail sales taxes collected under this section shall be considered special revenues and shall be distributed under the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.

(g) The tax levied under this section expires June 30, 2020.

(h) The director may promulgate rules to implement this section.

SECTION 5. TEMPORARY LANGUAGE. DO NOT CODIFY.

(a) As used in this section:

(1) "Average retail selling price" means the Gulf Coast average retail selling price of distillate special fuel as published by the United States Energy Information Administration or other similar reliable index if the index published by the United States Energy Information Administration is no longer available; and

(2) "Distillate special fuel", for purposes of this section, means the same as defined in § 26-56-102.

(b) In addition to the taxes levied in §§ 26-56-201, 26-56-502, and 26-56-601, there is levied upon retailers of distillate special fuel a retail sales tax upon the retail selling price per gallon of distillate special fuel at the rate determined in subsection (c) of this section.

(c)(1) Beginning on August 1, 2016, and ending on June 30, 2020, the retail sales tax shall be determined by multiplying the twelve-month average retail selling price of distillate special fuel for the period of April 2015

through March 2016 by one and twenty-seven-hundredths percent (1.27%).

(2) The Director of the Department of Finance and Administration will determine and convert the tax in subdivision (c)(1) of this section to a cent-per-gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

(d) The Department of Finance and Administration shall publish and notify fuel wholesalers of the cent-per-gallon amount to be collected from retailers under this section.

(e) The retail sales tax shall be paid by retailers of distillate special fuel to wholesalers who shall collect, report, and remit the tax in the same manner and at the same time as is prescribed by law for the collection, reporting, and payment of the other distillate special fuel taxes under Arkansas law.

(f) The retail sales taxes collected under this section shall be considered special revenues and shall be distributed under the Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.

(g) The tax levied under this section expires June 30, 2020.

(h) The director of the Department of Finance and Administration may promulgate rules to implement this section.

SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the highways, roads, streets, and bridges of this state are in dire need of construction, reconstruction, and maintenance; that well maintained highways, roads, streets, and bridges are necessary for economic development in this state; and that providing for an indexed tax on motor fuel and distillate special fuel is necessary to help pay for the construction, reconstruction, and maintenance of the highways, roads, streets, and bridges of this state; that it is essential that such revision be given effect on July 1, 2016, in order that the effective date of this act coincide with the beginning of a new fiscal year; that under the Constitution of Arkansas, acts without an emergency clause do not take effect until ninety (90) days after sine die adjournment of the General Assembly; and that unless an emergency is declared, extension of the 2016 Third Extraordinary Session of the General Assembly will result in a delay in the effective date of this act beyond July 1 and would work irreparable harm. 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 and after July 1, 2016.