

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

State of Arkansas
91st General Assembly
Regular Session, 2017

A Bill

HOUSE BILL 2219

By: Representative Davis

For An Act To Be Entitled

AN ACT TO CREATE A REBATE OF SALES TAX FOR CONSTRUCTION MATERIALS PURCHASED BY THE ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT AND USED FOR PUBLIC ROAD CONSTRUCTION PROJECTS; TO CREATE A USE TAX EXEMPTION FOR CONSTRUCTION MATERIALS PURCHASED BY THE ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE A REBATE OF SALES TAX FOR CONSTRUCTION MATERIALS PURCHASED BY THE HIGHWAY DEPARTMENT AND USED FOR PUBLIC ROAD CONSTRUCTION PROJECTS; AND TO CREATE A USE TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

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

SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 5, is amended to add an additional section to read as follows:

26-52-524. Rebate of sales tax on eligible construction materials for public road construction projects.

(a) As used in this section:

(1)(A) "Eligible construction material" means an item of tangible personal property used directly as part of a public road construction project, including without limitation construction materials and consumables that are used in a public road construction project that will



remain part of the completed public road construction project or are consumed in the construction process.

(B) "Eligible construction material" does not include construction equipment and tools, motor vehicle fuel, or other items of tangible personal property that may be used for purposes of a public road construction project that do not remain part of the public road construction project or are not consumed during the construction process; and

(2) "Public road construction project" means the construction, restoration, reconstruction, renovation, or repair of a road, highway, street, bridge, overpass, interchange, or right-of-way by or initiated by the Arkansas State Highway and Transportation Department.

(b) The taxes levied under this chapter on the gross receipts or gross proceeds from the sale of eligible construction materials to be used or consumed in a public road construction project are subject to a rebate to the State Highway and Transportation Department Fund.

(c) The rebate provided for in this section does not include local sales taxes on construction materials used in public road construction projects.

(d) The aggregate total amount of the rebate under this section and the exemption in § 26-53-150 shall not exceed twenty-five million dollars (\$25,000,000) during any fiscal year.

(e) The Director of the Department of Finance and Administration in conjunction with the Director of State Highways and Transportation shall promulgate rules to implement this section.

SECTION 2. Arkansas Code Title 26, Chapter 53, Subchapter 1, is amended to add an additional section to read as follows:

26-53-150. Exemption for eligible construction materials for public road construction projects.

(a) As used in this section:

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

(B) "Eligible construction material" does not include construction equipment and tools, motor vehicle fuel, or other items of tangible personal property that may be used for purposes of a public road construction project that do not remain part of the public road construction project or are not consumed during the construction process; and

(2) "Public road construction project" means the construction, restoration, reconstruction, renovation, or repair of a road, highway, street, bridge, overpass, interchange, or right-of-way by or initiated by the Arkansas State Highway and Transportation Department.

(b) Sales of eligible construction materials to be used or consumed in a public road construction project are exempt from the compensating use tax levied by this subchapter.

(c) The exemption provided for in this section does not include local use taxes on construction materials used in public road construction projects.

(d) The aggregate total amount of the rebate in § 26-52-524 and the exemption in this section shall not exceed twenty-five million dollars (\$25,000,000) during any fiscal year.

(e) The Director of the Department of Finance and Administration in conjunction with the Director of the State Highways and Transportation shall promulgate rules to implement this section.

SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective on the first day of the calendar quarter following the effective date of this act.