

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

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1253

By: Representative Penzo

For An Act To Be Entitled

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

Subtitle

TO CREATE A SALES AND USE TAX EXEMPTION FOR CONSTRUCTION MATERIALS USED BY THE ARKANSAS DEPARTMENT OF TRANSPORTATION IN PUBLIC CONSTRUCTION PROJECTS; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is amended to add an additional section to read as follows:

26-52-453. Construction materials for public construction projects.

(a) As used in this section:

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

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



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

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

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

(3) "Public funds" means funds or guarantees from the state, a political subdivision of the state, or the United States Government.

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

SECTION 2. 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 roadways are necessary for economic development in this state; and that exempting certain purchases of the Arkansas Department of Transportation from sales and use taxes will enable the department to dedicate more funds toward constructing, reconstructing, and maintaining the roadways in the state. 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, 2021.