

Title 26. Taxation

Chapter I. Generally, Department of Finance and Administration

Subchapter F. Miscellaneous Taxes

Part 168. Alternative Fuels Tax Liquefied Natural Gas Rule

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Pursuant to the authority granted by Ark. Code Ann. §§ 26-18-301 and 26-62-104, the Director of the Arkansas Department of Finance and Administration does hereby promulgate the following rules for the purpose of facilitating compliance with the Alternative Fuels Tax Law, Act 1119 of 1993, as amended, and to facilitate the administration, enforcement, and collection of the taxes levied by Ark. Code Ann. § 26-62-101, et seq. as it relates to liquefied natural gas (LNG).

Effective Date. These rules shall be effective from and after September 1, 2014."

"Director's Authority.

1.Pursuant to the authority provided in Ark. Code Ann. § 26-62-104, the Director promulgates these rules to facilitate the collection of the alternative fuels taxes levied in Title 26, Chapter 62 of the Arkansas Code as it relates to LNG.

2.Ark. Code Ann. § 26-62-201(a)(2) authorizes the Director to determine the applicable rates to be imposed for each type of alternative fuel."

"Sources: Ark. Code Ann. §§ 26-62-101, et seq. and 26-18-101, et seq."

Subpart 1. Generally

26 CAR § 168-101. Purpose and scope.

The following part is promulgated to implement and clarify Title 26, Chapter 62 of the Arkansas Code as it pertains to liquefied natural gas (LNG) used as an alternative fuel to generate power in an internal combustion engine or motor for a motor vehicle.

Authority. Arkansas Code § 26-62-104.

26 CAR § 168-102. Definitions.

For purposes of this part, unless otherwise required by their context, the following definitions apply:

(1)(A) "Department" means and refers to the Department of Finance and Administration and its authorized agents.

(B) For purposes of this part, the terms "department" and "DFA" may be used interchangeably;

(2)(A) "Exempt" refers to those instances or sales, uses, or storage of liquefied natural gas that otherwise would be considered taxable but meet certain express conditions set forth in 26 CAR § 168-103(b) such that the instances stated therein are free from the tax levied by Arkansas Code § 26-62-201(a).

(B) No other sales, uses, or storage of liquefied natural gas are exempt;

(3)(A) "Gallon equivalent" or "equivalent gallon" are terms that may be interchangeably used in regard to describing the appropriate measurement of liquefied natural gas (LNG) for use in an internal combustion engine or as motor fuel.

(B) Based on United States standards or industry standards, a gallon equivalent of LNG:

(i) Refers to the regular grade "gasoline gallon equivalent" or "diesel gallon equivalent" of LNG; and

(ii) Is measured in pounds.

(C) Specifically, one gasoline gallon equivalent (1 gge) of LNG is equivalent to five and thirty-seven-hundredths pounds (5.37 lbs.) of LNG cooled to approximately negative two hundred fifty-nine degrees Fahrenheit (-259°F) at atmospheric pressure and stored in insulated cryogenic tanks.

(D) One diesel gallon equivalent (1 dge) of LNG is the equivalent of six and six-hundredths pounds (6.06 lbs.) of LNG cooled to approximately negative two hundred fifty-nine degrees Fahrenheit (-259°F) at atmospheric pressure and stored in insulated cryogenic tanks;

(4)(A) "Liquefied natural gas" or "LNG" means natural gas that has been cooled to a liquid state and is suitable for use, distributed, or used as an alternative fuel for internal combustion engines or motors in motor vehicles.

(B) LNG may also include small amounts of products commonly referred to as:

- (i) Methane;
- (ii) Ethane;
- (iii) Propane;
- (iv) Butane;
- (v) Heavier alkanes; and
- (vi) Nitrogen; and

(5) "Taxpayer" refers to the person responsible for remitting the taxes due to the Department of Finance and Administration pursuant to the Alternative Fuels Tax Law, Arkansas Code § 26-62-101 et seq.

Authority. Arkansas Code § 26-62-104.

26 CAR § 168-103. Amount and nature of tax.

(a) Tax rate for LNG.

(1) The tax rate applied to sales and use of LNG shall be measured per gasoline gallon equivalent (five and thirty-seven-hundredths pounds (5.37 lbs.)) as set forth in 26 CAR § 168-102(4).

(2) The tax rate imposed for each gasoline gallon equivalent of LNG:

(A) Depends on the number of motor vehicles licensed in Arkansas using LNG; and

(B) Shall be in accordance with the:

(i) Number of licensed motor vehicles using LNG; and
(ii) Corresponding tax rates as set forth in the table contained in Arkansas Code § 26-62-201(b).

(3) The tax rate imposed should be the gasoline gallon equivalent regardless of whether LNG is used in lieu of gasoline or diesel fuel.

(b) Exempt alternative fuels sales, uses, or storage.

(1) Sales to or use by the United States Government or any agency or instrumentality thereof.

(2) Liquefied natural gas imported into this state in the fuel supply tanks, including any additional containers, of motor vehicles being used solely for noncommercial purposes if the aggregate capacity of the fuel supply tanks, including any additional containers, does not exceed thirty (30) equivalent gallons.

(3) No other exemptions apply.

Authority. Arkansas Code § 26-62-104.

Codification Notes. "LNG" means liquefied natural gas.

26 CAR § 168-104. Payment of the tax.

The tax shall be collected and paid in accordance with Arkansas Code § 26-62-202.

Authority. Arkansas Code § 26-62-104.

26 CAR § 168-105. Review and appeals.

(a) Reviews and appeals are to be conducted consistent with the provisions of the Arkansas Tax Procedure Act, Arkansas Code § 26-18-101 et seq.

(b) See also Arkansas Code § 26-62-108.

Authority. Arkansas Code § 26-62-104.