

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: H3/18/15

A Bill

HOUSE BILL 1703

5 By: Representative D. Douglas
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE ALTERNATIVE FUELS TAX LAW; TO
9 AMEND THE EXCISE TAX LEVIED ON ALTERNATIVE FUELS; TO
10 CREATE A FAIR AND EQUITABLE METHOD OF MAINTAINING THE
11 ROADS IN THE STATE; TO DECLARE AN EMERGENCY; AND FOR
12 OTHER PURPOSES.
13
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Subtitle

15 TO AMEND THE ALTERNATIVE FUELS TAX LAW;
16 TO AMEND THE EXCISE TAX LEVIED ON
17 ALTERNATIVE FUELS; TO CREATE A FAIR AND
18 EQUITABLE METHOD OF MAINTAINING THE ROADS
19 IN THE STATE; AND TO DECLARE AN
20 EMERGENCY.
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23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code § 26-62-102(1)(A) and (B), concerning the
27 definitions to be used under the Alternative Fuels Tax Law, are amended to
28 read as follows:

29 (1)(A) "Alternative fuels" means ~~and includes~~ all liquids or
30 combustion gases used or suitable for use in an internal combustion engine or
31 motor for the generation of power for motor vehicles, ~~including, but not~~
32 ~~limited to, natural gas fuels as defined in subdivision (9) of this section.~~

33 (B) "Alternative fuels" ~~also means and includes~~ without
34 limitation:

- 35 (i) Methanol, denatured ethanol, and other alcohols;
36 (ii) Mixtures containing eighty-five percent (85%)



1 or more or such percentage, but not less than seventy percent (70%), as
 2 determined by the United States Secretary of Energy by rule to provide for
 3 requirements relating to cold start, safety, or vehicle functions, by volume
 4 of methanol, denatured ethanol, and other alcohols with gasoline or other
 5 fuels;

6 (iii) Hydrogen;

7 (iv) Coal-derived liquid fuels;

8 (v) Fuels, other than alcohol, derived from
 9 biological materials;

10 (vi) Electricity, including electricity from solar
 11 energy; ~~and~~

12 (vii) Natural gas fuels;

13 (viii) Compressed natural gas;

14 (ix) Liquefied natural gas; and

15 ~~(vii)~~ (x) Any other fuel the United States Secretary
 16 of Energy determines by rule is substantially not petroleum and would yield
 17 substantial energy security benefits and substantial environmental benefits.
 18

19 SECTION 2. Arkansas Code § 26-62-102(5), concerning the definitions to
 20 be used under the Alternative Fuels Tax Law, is amended to read as follows:

21 (5) "Gallon equivalent" or "equivalent gallon" means a quantity
 22 of alternative fuels ~~which~~ that is the equivalent of one United States gallon
 23 (1 U.S. gal.) of gasoline as determined by the director based on United
 24 States standards or industry standards, provided that ~~one~~:

25 (A) One United States gallon (1 U.S. gal.) of gasoline
 26 ~~shall be~~ is the equivalent of ~~one hundred cubic feet (100 c.f.)~~ one hundred
 27 twenty-six and sixty-seven hundredths cubic feet (126.67 c.f.) of ~~natural gas~~
 28 fuels compressed natural gas; and

29 (B) One United States gallon (1 U.S. gal.) of distillate
 30 special fuel is the equivalent of six and six hundredths pounds (6.06 lbs.)
 31 of liquefied natural gas;
 32

33 SECTION 3. Arkansas Code § 26-62-102, concerning the definitions to be
 34 used under the Alternative Fuels Tax Law, is amended to add two additional
 35 subdivisions to read as follows:

36 (15) "Compressed natural gas" means natural gas that is

1 compressed to a point at which five and sixty-six hundredths pounds (5.66
2 lbs.) of natural gas equals the energy contained in one United States gallon
3 (1 U.S. gal.) of gasoline;

4 (16) "Distillate special fuel" means the same as in § 26-56-102;
5 and

6 (17) "Liquefied natural gas" means natural gas, primarily
7 methane, that has been liquefied by reducing its temperature to negative two
8 hundred sixty degrees Fahrenheit (-260° F) at atmospheric pressure.

9
10 SECTION 4. Arkansas Code § 26-62-201 is amended to read as follows:

11 26-62-201. Imposition of tax – Exemptions.

12 (a)~~(1)~~ There is hereby levied and imposed an excise tax per gallon
13 equivalent at the ~~rate set forth in subsection (b) of this section~~ following
14 rates on each type of alternative fuels sold or used in this state for the
15 purpose of propelling a motor vehicle or motor vehicles in this state or
16 purchased for sale or use in this state for the purpose of propelling a motor
17 vehicle or motor vehicles in this state~~;~~:

18 (1) Beginning July 1, 2015, five cents (5¢);

19 (2) Beginning July 1, 2016, eight cents (8¢);

20 (3) Beginning July 1, 2017, eleven cents (11¢);

21 (4) Beginning July 1, 2018, seventeen cents (17¢); and

22 (5) Beginning July 1, 2019, and thereafter:

23 (A) On compressed natural gas, twenty-one and five-tenths
24 cents (21.5¢);

25 (B) On liquefied natural gas, twenty-two and five-tenths
26 cents (22.5¢); and

27 (C) On other alternative fuels, twenty-one and five-tenths
28 cents (21.5¢).

29 ~~(2) The Director of the Department of Finance and Administration~~
30 ~~shall determine the various types of alternative fuels being utilized in this~~
31 ~~state and the applicable rates to be imposed for each type fuel in accordance~~
32 ~~with the following provisions of this section, provided that the Director of~~
33 ~~the Department of Finance and Administration in his or her initial~~
34 ~~determination at a minimum shall find at least one (1) type of alternative~~
35 ~~fuels, specifically, natural gas fuels.~~

36 ~~(b) The tax rate for each equivalent gallon for each type of~~

1 ~~alternative fuels shall be in accordance with the following table:~~

Number of Motor Vehicles Licensed in Arkansas Utilizing Alternative Fuels (for each type of alternative fuels)	Tax Rate Per Equivalent Gallon (for each type of alternative fuels)
0—999	\$0.050
1,000—1,499	\$0.085
1,500—1,999	\$0.105
2,000—2,499	\$0.125
2,500—2,999	\$0.145
3,000 & over	\$0.165

13 ~~(c)(1)(A)(i) The tax rate set forth in subsection (b) of this section~~
 14 ~~for each type of alternative fuels from July 1, 1993, through March 31, 1994,~~
 15 ~~shall be determined and published by the Director of the Department of~~
 16 ~~Finance and Administration prior to June 1, 1993, and such rates shall be~~
 17 ~~effective for each type of alternative fuels through March 31, 1994.~~

18 ~~(ii) The tax rate set forth in subsection (b) of~~
 19 ~~this section for each type of alternative fuels shall be adjusted if~~
 20 ~~necessary by the Director of the Department of Finance and Administration to~~
 21 ~~be effective on April 1, 1994, and on April 1 of each year thereafter based~~
 22 ~~upon the number of vehicles utilizing alternative fuels, by each type of~~
 23 ~~alternative fuels, licensed in this state, as determined by the Director of~~
 24 ~~the Department of Finance and Administration, as of December 31 of the~~
 25 ~~preceding calendar year.~~

26 ~~(B) If a change in the tax rate in accordance with~~
 27 ~~subsection (b) of this section for any type of alternative fuels is required,~~
 28 ~~the Director of the Department of Finance and Administration shall include~~
 29 ~~this in the report required by this section, and the Director of the~~
 30 ~~Department of Finance and Administration shall also notify each alternative~~
 31 ~~fuels supplier of the new tax rate not later than thirty (30) days prior to~~
 32 ~~the effective date of such change.~~

33 ~~(2) Notwithstanding any other provision of this chapter, in~~
 34 ~~determining the number of alternative fuels vehicles licensed in this state~~
 35 ~~by each type of alternative fuels in order to determine the tax rate per~~
 36 ~~equivalent gallon, there shall not be taken into account any alternative~~

1 ~~fuels vehicles owned, licensed, or used by the United States Government, or~~
2 ~~any agency or instrumentality thereof.~~

3 ~~(d) It is the intent of the tax levy set forth in this section to tax~~
4 ~~each particular type of alternative fuels depending upon the number of~~
5 ~~alternative fuels vehicles using the particular type of alternative fuels~~
6 ~~licensed in Arkansas.~~

7 ~~(e)(1) The Director of the Department of Finance and Administration~~
8 ~~may develop a procedure in which the type of alternative fuels or other type~~
9 ~~of fuel is noted on the certificate of title or certificate of registration~~
10 ~~of an alternative fuels vehicle.~~

11 ~~(2) It is the intention of this subsection to develop a system~~
12 ~~for the Director of the Department of Finance and Administration and other~~
13 ~~officials of the State of Arkansas to know the precise number of vehicles~~
14 ~~using alternative fuels and other fuels licensed in this state, both in the~~
15 ~~aggregate and by the type of fuel propelling the vehicles.~~

16 ~~(f) Not later than February 15 each year, the Director of the~~
17 ~~Department of Finance and Administration shall file a written report with the~~
18 ~~Director of State Highways and Transportation setting forth the number of~~
19 ~~vehicles using alternative fuels and other types of fuels licensed in this~~
20 ~~state as of the end of the preceding calendar year, both in the aggregate and~~
21 ~~by each type of fuel, and the amount of tax revenue received by the State of~~
22 ~~Arkansas on the tax levied by this chapter. The Director of the Department of~~
23 ~~Finance and Administration shall also state the tax rate for the next twelve~~
24 ~~(12) months, beginning as of the first day of April of each year for each~~
25 ~~type of alternative fuel.~~

26 ~~(g) (b) Sales to the United States Government are exempt from the tax~~
27 ~~levied by under subsection (a) of this section.~~

28 ~~(h) (c) The tax levied herein shall under subsection (a) of this~~
29 ~~section does not apply to alternative fuels imported into this state in the~~
30 ~~fuel supply tanks, including any additional containers, of motor vehicles~~
31 ~~being used solely for noncommercial purposes if the aggregate capacity of the~~
32 ~~fuel supply tanks, including any additional containers, does not exceed~~
33 ~~thirty (30) equivalent gallons.~~

34
35 SECTION 5. Arkansas Code § 26-62-206(a)(2), concerning alternative
36 fuels suppliers' and users' reports and the computation and remittance of

1 tax, is amended to read as follows:

2 (2) The alternative fuels supplier shall file supporting
3 documents necessary to assure accurate reporting. The reports shall include
4 the following:

5 (A) An itemized statement of the number of equivalent
6 gallons of alternative fuels sold and delivered into the fuel supply tanks of
7 motor vehicles during the next preceding calendar month by the alternative
8 fuels supplier;

9 (B) An itemized statement of the number of gallons
10 equivalent of alternative fuels delivered into the fuel supply tanks of motor
11 vehicles owned, leased, or operated by the alternative fuels supplier during
12 the next preceding calendar month by the alternative fuels supplier;

13 (C) An itemized statement of the number of gallons
14 equivalent of alternative fuels sold through separate meter to a user for the
15 fueling of motor vehicles during the next preceding calendar month by the
16 supplier; ~~and~~

17 (D) An itemized statement of the number of equivalent
18 gallons of alternative fuels sold and delivered to an alternative fuels
19 dealer that sells or delivers alternative fuels to a user at retail for use
20 in a motor vehicle; and

21 ~~(D)~~ (E) Such other documents as the director requires.
22

23 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
24 General Assembly of the State of Arkansas that the alternative fuels tax laws
25 are outdated in that they fail to address the recent increase in the use of
26 alternative fuels to power motor vehicles; that the alternative fuels tax
27 laws do not provide sufficient revenue for the highways of the state; that
28 this act addresses these issues by amending the alternative fuel tax laws to
29 improve the collection and administration of the alternative fuels tax; and
30 that this act is necessary to create a fair and equitable method of
31 maintaining the roads in the state. Therefore, an emergency is declared to
32 exist, and this act being necessary for the preservation of the public peace,
33 health, and safety shall become effective on July 1, 2015.

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/s/D. Douglas

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