

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

As Engrossed: H3/13/17

A Bill

HOUSE BILL 1727

5 By: Representative D. Douglas
6

For An Act To Be Entitled

8 AN ACT CONCERNING TAXES LEVIED ON MOTOR FUEL AND
9 DISTILLATE SPECIAL FUEL; TO LEVY A WHOLESALE SALES
10 TAX ON GASOLINE AND DIESEL FUEL THAT SHALL NOT BECOME
11 EFFECTIVE UNLESS THE BONDS TO BE PAID BY THE LEVY ARE
12 APPROVED BY A VOTE OF THE PEOPLE; TO USE THE PROCEEDS
13 FROM THE WHOLESALE SALES TAX ON GASOLINE AND DIESEL
14 FUEL TO PAY HIGHWAY MAINTENANCE AND CONSTRUCTION
15 GENERAL OBLIGATION BONDS IF APPROVED BY A VOTE OF THE
16 PEOPLE; TO DEDICATE REVENUES TO BE USED FOR
17 IMPROVEMENTS TO ARKANSAS'S PORTION OF THE NATIONAL
18 HIGHWAY SYSTEM; AND FOR OTHER PURPOSES.
19
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Subtitle

21 TO LEVY WHOLESALE SALES TAXES ON GASOLINE
22 AND DIESEL; AND TO USE THE WHOLESALE
23 SALES TAX REVENUES TO PAY BONDS FOR
24 HIGHWAY IMPROVEMENTS IF APPROVED BY THE
25 PEOPLE.
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29 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
30

31 SECTION 1. Arkansas Code § 19-6-301, concerning the enumeration of
32 special revenues, is amended to add additional subdivisions to read as
33 follows:

34 (255) Wholesale sales tax on motor fuel levied under § 26-64-
35 101; and

36 (256) Wholesale sales tax on distillate special motor fuel



1 levied under § 26-64-102.

2
3 SECTION 2. Arkansas Code § 19-6-405, concerning the State Highway and
4 Transportation Department Fund, is amended to add an additional subsection to
5 read as follows:

6 (b)(1) There is established a separate account within the State
7 Highway and Transportation Department Fund to be known as the "Commercial
8 Freight Routes Improvement Account".

9 (2) The Commercial Freight Routes Improvement Account shall
10 consist of those revenues identified in § 26-56-201(h) and any other revenues
11 appropriated to the Commercial Freight Routes Improvement Account by the
12 General Assembly.

13 (3) The revenues deposited into the Commercial Freight Routes
14 Improvement Account shall be dedicated to improvements to Arkansas's portion
15 of the National Highway System, as defined by the Federal Highway
16 Administration on March 25, 2015, and as established under the National
17 Highway System Designation Act of 1995, Pub. L. No. 104-59.

18
19 SECTION 3. Arkansas Code § 19-6-405, concerning the State Highway and
20 Transportation Department Fund, is amended to add an additional subsection to
21 read as follows:

22 (c)(1) There is established a separate account within the State
23 Highway and Transportation Department Fund to be known as the "2017 Highway
24 Maintenance and Construction Bond Account".

25 (2)(A) On the last day of each month, the Treasurer of State,
26 after making the deductions required from net special revenues as set out in
27 § 19-5-203(b)(1), shall transfer the special revenues derived by the taxes
28 levied in §§ 26-64-101 and 26-64-102 to the State Highway and Transportation
29 Department Fund, the County Aid Fund, and the Municipal Aid Fund in the
30 percentages provided in § 27-70-206.

31 (B) The proceeds of the taxes transferred to the State
32 Highway and Transportation Department Fund under subdivision (c)(2)(A) of
33 this section shall be deposited into the 2017 Highway Maintenance and
34 Construction Bond Account for use as provided by state law.

35
36 SECTION 4. Arkansas Code § 26-56-201, concerning the imposition and

1 distribution of distillate special fuels tax, is amended to add an additional
2 subsection to read as follows:

3 (h) On or before June 30 of each fiscal year, the Chief Fiscal Officer
4 of the State shall deposit the first two million eight hundred thousand
5 dollars (\$2,800,000) of the taxes collected under subdivision (a)(1)(A)(i) of
6 this section to the Commercial Freight Routes Improvement Account of the
7 State Highway and Transportation Department Fund.

8

9 SECTION 5. Arkansas Code Title 26 is amended to add an additional
10 chapter to read as follows:

11

CHAPTER 64

12

WHOLESALE SALES TAX ON FUEL

13

14 26-64-101. Wholesale sales tax on motor fuel.

15 (a) As used in this section:

16

17 (1) "Average wholesale selling price" means the United States
18 Gulf Coast regular average wholesale selling price of motor fuel as published
19 by the Energy Information Administration within the Department of Energy or
20 other similar reliable index if the index published by the Energy Information
21 Administration within the Department of Energy is no longer available; and

22

(2) "Motor fuel" means the same as defined in § 26-55-202.

23

24 (b) Beginning April 1, 2019, in addition to the taxes levied in §§ 26-
25 55-205, 26-55-1002, 26-55-1006, 26-55-1201, and 26-56-601, there is levied a
26 wholesale sales tax upon the average wholesale selling price per gallon of
27 motor fuel at the rate determined in subsection (c) of this section.

28

29 (c)(1)(A) By March 1, 2019, the wholesale sales tax levied under this
30 section shall be determined by multiplying the twelve-month average wholesale
31 selling price of motor fuel for the period of January 1, 2018, through
32 December 31, 2018, by six and five-tenths percent (6.5%).

33

34 (B) To make the collection of the wholesale sales tax
35 levied under this section more efficient, the Director of the Department of
36 Finance and Administration shall determine and convert the wholesale sales
37 tax determined in subdivision (c)(1)(A) of this section to a cent-per-gallon
38 amount rounded to the nearest one-tenth of one cent (0.1¢).

39

40 (2)(A)(i) Beginning April 1, 2020, and each April 1 thereafter,
41 the wholesale sales tax levied under this section for the twelve (12) month

1 period beginning on that April 1 of each year shall be determined by
2 multiplying the twelve-month average wholesale selling price of motor fuel
3 for the period of January 1 through December 31 of the immediately preceding
4 year by six and five-tenths percent (6.5%).

5 (ii) If the twelve-month average wholesale selling
6 price calculated in subdivision (c)(2)(A)(i) of this section is less than the
7 twelve-month average wholesale selling price determined in subdivision
8 (c)(1)(A) of this section, then the twelve-month average wholesale selling
9 price determined in subdivision (c)(1)(A) of this section shall be
10 substituted for the twelve-month average wholesale selling price calculated
11 in subdivision (c)(2)(A)(i) of this section and shall be used in lieu of the
12 twelve-month average wholesale selling price calculated in subdivision
13 (c)(2)(A)(i) of this section in determining the amount of wholesale sales tax
14 due on motor fuel for the twelve-month period described in subdivision
15 (c)(2)(A)(i) of this section.

16 (B) To make the collection of the wholesale sales tax
17 levied under this section more efficient, the director shall determine and
18 convert the wholesale sales tax in subdivision (c)(2)(A) of this section to a
19 cent-per-gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

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

23 (e) The wholesale sales tax levied under this section shall be paid by
24 retailers of motor fuel to wholesalers who shall collect, report, and remit
25 the tax in the same manner and at the same time as is prescribed by law for
26 the collection, reporting, and payment of motor fuel taxes, including §§ 26-
27 55-210 – 26-55-212 and § 26-55-230(a)(1)(F).

28
29 26-64-102. Wholesale sales tax on distillate special fuel.

30 (a) As used in this section:

31 (1) “Average wholesale selling price” means the United States
32 Gulf Coast regular average wholesale selling price of distillate special fuel
33 as published by the Energy Information Administration within the Department
34 of Energy or other similar reliable index if the index published by the
35 Energy Information Administration within the Department of Energy is no
36 longer available; and

1 (2)(A) “Distillate special fuel” means the same as defined in §
2 26-56-102.

3 (B) However, “distillate special fuel” does not include
4 distillate special fuel used for off-road purposes as identified in § 26-56-
5 224.

6 (b) Beginning April 1, 2019, in addition to the taxes levied in §§ 26-
7 56-201, 26-56-502, and 26-56-601, there is levied a wholesale sales tax upon
8 the average wholesale selling price per gallon of distillate special fuel at
9 the rate determined in subsection (c) of this section.

10 (c)(1)(A) By March 1, 2019, the wholesale sales tax levied under this
11 section shall be determined by multiplying the twelve-month average wholesale
12 selling price of distillate special fuel for the period of January 1, 2018,
13 through December 31, 2018, by six and five-tenths percent (6.5%).

14 (B) To make the collection of the wholesale sales tax
15 levied under this section more efficient, the Director of the Department of
16 Finance and Administration shall determine and convert the tax determined in
17 subdivision (c)(1)(A) of this section to a cent-per-gallon amount rounded to
18 the nearest one-tenth of one cent (0.1¢).

19 (2)(A)(i) Beginning April 1, 2020, and continuing each April 1
20 thereafter, the wholesale sales tax levied under this section for the twelve
21 (12) month period beginning on that April 1 of each year shall be determined
22 by multiplying the twelve-month average wholesale selling price of distillate
23 special fuel for the period of January 1 through December 31 of the
24 immediately preceding year by six and five-tenths percent (6.5%).

25 (ii) If the twelve-month average wholesale selling
26 price calculated in subdivision (c)(2)(A)(i) of this section is less than the
27 twelve-month average wholesale selling price determined in subdivision
28 (c)(1)(A) of this section, then the twelve-month average wholesale selling
29 price determined in subdivision (c)(1)(A) of this section shall be
30 substituted for the twelve-month average wholesale selling price calculated
31 in subdivision (c)(2)(A)(i) of this section and shall be used in lieu of the
32 twelve-month average wholesale selling price calculated in subdivision
33 (c)(2)(A)(i) of this section in determining the amount of wholesale sales tax
34 due on distillate special motor fuel for the twelve-month period covered by
35 subdivision (c)(2)(A)(i) of this section.

36 (B) To make the collection of the wholesale sales tax

1 levied under this section more efficient, the director shall determine and
2 convert the wholesale sales tax in subdivision (c)(2)(A) of this section to a
3 cent-per-gallon amount rounded to the nearest one-tenth of one cent (0.1¢).

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

7 (e) The wholesale sales tax levied under this section shall be paid by
8 retailers of distillate special fuel to wholesalers who shall collect,
9 report, and remit the tax in the same manner and at the same time as is
10 prescribed by law for the collection, reporting, and payment of distillate
11 special fuel taxes.

12
13 26-64-103. Disposition of revenues.

14 The wholesale sales taxes collected under this chapter shall be
15 deposited into the 2017 Highway Maintenance and Construction Bond Account of
16 the State Highway and Transportation Department Fund as provided in § 19-6-
17 405.

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19 SECTION 6. EFFECTIVE DATE. Sections 1, 3, and 5 of this act shall not
20 become effective until after a majority of the qualified electors of the
21 state voting on the question approve the issuance of highway maintenance and
22 construction improvement general obligation bonds to be repaid in part by the
23 wholesale sales taxes levied under §§ 26-64-101 and 26-64-102 and deposited
24 to the 2017 Highway Maintenance and Construction Bond Account of the State
25 Highway and Transportation Department Fund. If the bond issue is approved,
26 Sections 1, 3, and 5 of this act shall become effective thirty (30) days
27 after publication of the proclamation of the election results.

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29 */s/D. Douglas*
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