

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

# A Bill

HOUSE BILL 1160

5 By: Representative Webb  
6

## For An Act To Be Entitled

8 AN ACT TO AMEND ARKANSAS LAW TO ALLOW TAXPAYERS  
9 REPORTING MINIMAL AMOUNTS OF SEVERANCE TAX TO REPORT  
10 AND PAY ON A QUARTERLY OR ANNUAL BASIS BASED UPON THE  
11 AMOUNT OF TAX PREVIOUSLY REPORTED; AND FOR OTHER  
12 PURPOSES.  
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## Subtitle

15 AN ACT TO ALLOW TAXPAYERS PAYING MINIMUM  
16 AMOUNTS OF SEVERANCE TAX TO REPORT AND  
17 PAY QUARTERLY OR ANNUALLY.  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. Arkansas Code § 26-58-114(a) and (b), concerning severance  
24 taxes, is amended to read as follows:

25 (a)(1) Each producer of natural resources, excluding natural gas, and  
26 each primary processor of timber, whether or not he or she shall have  
27 actually severed natural resources, excluding natural gas, or processed  
28 timber during the preceding month, shall file a report within twenty-five  
29 (25) days after the end of each month with the Director of the Department of  
30 Finance and Administration in a form prescribed by the director that states:

31 ~~(1)~~(A) The kind of natural resources or timber, if any,  
32 severed by such producer or processed or acquired for processing by the  
33 primary processor during the next preceding month;

34 ~~(2)~~(B) The point of severance;

35 ~~(3)~~(C) The gross quantity severed and the cash value;

36 ~~(4)~~(D) The amount of severance tax due; and



1                   ~~(5)~~(E) Any other information as the director may  
2 reasonably require for the enforcement of this subchapter.

3                   (2)(A) When the average amount of severance tax for which the  
4 taxpayer is liable for the previous fiscal year beginning on July 1 and  
5 ending on June 30 does not exceed one hundred dollars (\$100) per month, the  
6 director may notify the taxpayer that a quarterly report and remittance in  
7 lieu of a monthly report may be made.

8                   (B) Each quarterly report and remittance shall be due on  
9 or before the twenty-fifth day of the month following the last month of the  
10 quarter for which the report is made, respectively January 25, April 25, July  
11 25, and October 25 of each year.

12                   (3) When the average amount of severance tax for which the  
13 taxpayer is liable for the previous fiscal year beginning on July 1 and  
14 ending on June 30 does not exceed twenty-five dollars (\$25.00) per month, the  
15 director may notify the taxpayer that an annual report and remittance in lieu  
16 of a monthly report may be made on or before January 25 of each year for the  
17 preceding calendar year.

18                   (b)(1)(A) A producer of natural gas shall file with the director a  
19 report, in a form or forms prescribed by the director, that states:

20                                 ~~(A)~~(i) The natural gas, if any, severed by the  
21 producer for each calendar month;

22                                 ~~(B)~~(ii) The point of severance;

23                                 ~~(C)~~(iii) The gross quantity severed and the market  
24 value;

25                                 ~~(D)~~(iv) The amount of severance tax due; and

26                                 ~~(E)~~(v) Any other information as the director may  
27 reasonably require for the enforcement of this subchapter.

28                   ~~(2)~~(B) The producer shall file the monthly report required  
29 under subdivision (b)(1)(A) of this section on or before the twenty-fifth day  
30 of the second month following the month that is covered by the report.

31                   ~~(3)~~(C) The producer is required to file a report with the  
32 director for each month whether or not the producer has actually severed  
33 natural gas during the month.

34                   (2)(A) When the average amount of severance tax for which the  
35 taxpayer is liable for the previous fiscal year beginning on July 1 and  
36 ending on June 30 does not exceed one hundred dollars (\$100) per month, the

1 director may notify the taxpayer that a quarterly report and remittance in  
2 lieu of a monthly report may be made.

3 (B) Each quarterly report and remittance shall be due on  
4 or before the twenty-fifth day of the second month following the last month  
5 of the quarter for which the report is made, respectively February 25, May  
6 25, August 25, and November 25 of each year.

7 (3) When the average amount of severance tax for which the  
8 taxpayer is liable for the previous fiscal year beginning on July 1 and  
9 ending on June 30 does not exceed twenty-five dollars (\$25.00) per month, the  
10 director may notify the taxpayer that an annual report and remittance in lieu  
11 of a monthly report may be made on or before February 25 of each year for the  
12 preceding calendar year.

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14 SECTION 2. Arkansas Code § 26-58-115(a), concerning severance tax  
15 reports, is amended to read as follows:

16 (a) Except as otherwise provided in this subchapter, the ~~monthly~~  
17 report required by § 26-58-114 shall be filed and the payment of the  
18 severance tax shall be made by the producer actually severing the natural  
19 resources whether as owner, lessee, concessionaire, or contractor and, in the  
20 case of severance taxes on timber, the ~~monthly~~ report required by § 26-58-114  
21 shall be filed and the severance tax shall be paid by the primary processor.  
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23 SECTION 3. Arkansas Code § 26-58-116(a) and (b), concerning  
24 purchaser's reports and payment of tax, is amended to read as follows:

25 (a)(1) Unless a purchaser of natural resources, excluding natural gas,  
26 is excused in writing by the Director of the Department of Finance and  
27 Administration in advance of the report filing deadline from filing a report,  
28 a purchaser of natural resources, excluding natural gas, shall file with the  
29 director a verified report within twenty (20) days after the end of each  
30 ~~month~~ reporting period in a form or forms prescribed by the director that  
31 states:

32 (A) The names and addresses of all producers from whom the  
33 purchaser has acquired natural resources during the respective ~~month~~  
34 reporting period;

35 (B) The types and total quantity of each type of the  
36 natural resources acquired and the purchase price; and

1 (C) Any other information as the director reasonably may  
2 require for the proper enforcement of this subchapter.

3 (b)(1) Unless a purchaser of natural gas is excused in writing by the  
4 director in advance of the report filing deadline from filing a report, a  
5 purchaser of natural gas shall file with the director a report in a form or  
6 forms prescribed by the director that states:

7 (A) The names, addresses, and severance tax permit numbers  
8 of all producers from whom the purchaser has purchased natural gas during  
9 each ~~calendar month~~ reporting period;

10 (B) The total quantity of natural gas acquired and the  
11 purchase price; and

12 (C) Any other information as the director may reasonably  
13 require for the proper enforcement of this subchapter.

14 (2) The purchaser of natural gas shall file each ~~monthly~~ report  
15 required under this subsection (b) on or before the twenty-fifth day of the  
16 second month following the ~~month~~ reporting period that is covered by the  
17 report.

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19 SECTION 4. Arkansas Code § 26-58-116(e)(3) and (4), concerning fines  
20 and penalties, is amended to read as follows:

21 (3) Upon conviction, each failure by a producer, purchaser,  
22 including a purchaser of natural gas, or primary processor to file a ~~monthly~~  
23 report required by this section is a violation punishable by a fine of at  
24 least fifty dollars (\$50.00) and not more than five hundred dollars (\$500).

25 (4) Upon conviction, a person knowingly making a false material  
26 statement in a ~~monthly~~ report required by this section is guilty of perjury  
27 under § 5-53-102.

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29 SECTION 5. Arkansas Code § 26-58-117 is amended to read as follows:  
30 26-58-117. Responsibility for filing ~~monthly~~ reports.

31 (a)(1) Notwithstanding the provisions of §§ 26-58-114 and 26-58-116,  
32 either the producer or severer of natural resources, excluding natural gas,  
33 or the purchaser of natural resources, excluding natural gas, shall report  
34 and pay severance taxes thereon as required in §§ 26-58-114 and 26-58-116.

35 (2) However, if either the producer or severer of natural  
36 resources, excluding natural gas, or the purchaser of natural resources,

1 excluding natural gas, files the report as required in §§ 26-58-114 and 26-  
2 58-116 and pays the severance taxes during any ~~month~~ reporting period, the  
3 other shall be relieved of the responsibility of filing such report.

4 (b) Both the producer of natural gas and the purchaser of natural gas  
5 shall be required to file their ~~monthly~~ reports under §§ 26-58-114 and 26-58-  
6 116.

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8 SECTION 6. Arkansas Code § 26-58-119(a)(1), concerning the assessment  
9 of severance tax, is amended to read as follows:

10 (a)(1) In the event any producer or purchaser of natural resources or  
11 any primary processor of timber fails within the time provided for in this  
12 subchapter to file the verified ~~monthly~~ reports required of them  
13 respectively, or in the event that the Director of the Department of Finance  
14 and Administration is not satisfied of the correctness of the reports as  
15 filed with the director, or in the event any such producer or purchaser of  
16 natural resources or any primary processor of timber fails to pay all taxes  
17 due as provided in §§ 26-58-114 and 26-58-116, it shall be the duty of the  
18 director to ascertain the true amount and value of the natural resources or  
19 timber severed and to assess the severance tax based thereon.

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21 SECTION 7. Do Not Codify. EFFECTIVE DATE. This act is effective on  
22 and after January 1, 2012.