

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 1208 of the Regular Session

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009
4

As Engrossed: S3/26/09

A Bill

SENATE BILL 770

5 By: Senator Teague
6 By: Representative Ingram
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8

For An Act To Be Entitled

10 AN ACT TO CLARIFY THAT PARTIAL REPLACEMENT OF
11 MANUFACTURING MACHINERY AND EQUIPMENT THAT
12 IMPROVE MANUFACTURING EFFICIENCY, MODERNIZE
13 EXISTING MACHINERY, OR ECONOMICALLY OR PHYSICALLY
14 EXPAND AN EXISTING FACILITY, INCLUDING THE
15 MACHINERY AND EQUIPMENT THAT ACT AS A MOLD OR DIE
16 TO DETERMINE THE PHYSICAL CHARACTERISTICS OF A
17 PRODUCT, ARE EXEMPT FROM THE SALES AND USE TAX;
18 AND FOR OTHER PURPOSES.
19

Subtitle

20
21 TO CLARIFY THAT PARTIAL REPLACEMENT OF
22 MANUFACTURING MACHINERY AND EQUIPMENT
23 THAT IMPROVE MANUFACTURING EFFICIENCY
24 ARE EXEMPT FROM THE SALES AND USE TAX.
25
26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
28

29 SECTION 1. Arkansas Code § 26-52-402(c)(2)(B), concerning the
30 definition of machinery and equipment exempt from sales and use tax, is
31 amended to read as follows:

32 (B) Machinery and equipment "used directly" in the
33 manufacturing process ~~shall include, but shall not be limited to~~ includes
34 without limitation, the following:

35 (i) Molds and dies, frames, cavities, and forms that



1 determine the physical characteristics of the finished product or its
2 packaging material at any stage of the manufacturing process;

3 (ii) Dies, tools, and devices attached to or a part
4 of a unit of machinery that determine the physical characteristics of the
5 finished product or its packaging material at any stage of the manufacturing
6 process; and

7 ~~(ii)~~(iii) Testing equipment to measure the quality
8 of the finished product at any stage of the manufacturing process;

9 ~~(iii)~~(iv) Computers and related peripheral equipment
10 that directly control or measure the manufacturing process; and

11 ~~(iv)~~(v) Machinery and equipment that produce steam,
12 electricity, or chemical catalysts and solutions that are essential to the
13 manufacturing process but which are consumed during the course of the
14 manufacturing process and do not become necessary and integral parts of the
15 finished product;

16
17 SECTION 2. Arkansas Code § 26-53-114(c)(3)(B), concerning exemption
18 for certain machinery and equipment under the compensating use tax, is
19 amended to read as follows:

20 (B) Further, machinery and equipment "used directly" in
21 the manufacturing process ~~shall include, but shall not be limited to,~~includes
22 without limitation the following:

23 (i) ~~Molds and dies, frames, cavities, and forms~~ that
24 determine the physical characteristics of the ~~finished~~ product or its
25 packaging materials, at any stage of the manufacturing process;

26 (ii) Dies, tools, and devices attached to or part of
27 a unit of machinery that determine the physical characteristics of the
28 product or its packaging material at any stage of the manufacturing process;

29 ~~(ii)~~(iii) Testing equipment to measure the quality
30 of the ~~finished~~ product at any stage of the manufacturing process;

31 ~~(iii)~~(iv) Computers and related peripheral equipment
32 that directly control or measure the manufacturing process; and

33 ~~(iv)~~(v) Machinery and equipment that produce steam,
34 electricity, or chemical catalysts and solutions that are essential to the
35 manufacturing process but which are consumed during the course of the
36 manufacturing process and do not become necessary and integral parts of the

1 finished product;

2 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General
3 Assembly of the State of Arkansas that differences of opinion have developed
4 between the Department of Finance and Administration and Arkansas
5 manufacturers concerning the meaning of important sections of the
6 manufacturing machinery and equipment sales and use tax exemption, including
7 particularly the exemption for the purchase and installation of machinery and
8 equipment to modernize and improve the efficiency of existing machinery and
9 equipment, expand production or create new jobs that may not require the
10 replacement of machines in their entirety, as well as the sales and use tax
11 exemption for dies and molds used directly in manufacturing; that it is
12 critical to encourage manufacturers to modernize and retool their plants as
13 economically as possible in order to remain competitive and preserve Arkansas
14 jobs; and that clarifications to confirm the intent and purpose of the
15 manufacturing machinery and equipment sales and use tax exemption is
16 appropriate. Therefore, an emergency is declared to exist and this act being
17 immediately necessary for the preservation of the public peace, health, and
18 safety shall become effective on:

19 (1) The date of its approval by the Governor;

20 (2) If the bill is neither approved nor vetoed by the Governor,
21 the expiration of the period of time during which the Governor may veto the
22 bill; or

23 (3) If the bill is vetoed by the Governor and the veto is
24 overridden, the date the last house overrides the veto.

25
26 /s/ Teague

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28 **APPROVED: 4/7/2009**