

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representatives Cunningham and Barclay**

A Bill

HOUSE BILL 1567

For An Act To Be Entitled

8 "AN ACT TO PROVIDE THAT MOLDS AND DIES ARE ENTITLED TO THE
9 MANUFACTURING EXEMPTION FROM ARKANSAS GROSS RECEIPTS AND
10 COMPENSATING USE TAX; AND FOR OTHER PURPOSES."

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12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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14 SECTION 1. Section 26-52-402(a)(2)(B) of the Arkansas Code of 1987
15 Annotated is hereby amended to read as follows:

16 "(B)(i) Machinery purchased to replace existing machinery means that
17 substantially all of the machinery and equipment required to perform an
18 essential function is physically replaced with new machinery that performs the
19 essential function more efficiently or with a longer useful life than the old
20 machinery being replaced;

21 (ii) The term substantially is intended to exclude routine
22 repairs and maintenance and partial replacements that do not improve
23 efficiency or extend the useful life of the entire machine, but it is not
24 intended to mean that foundations and minor components that can be
25 economically adapted, rebuilt, or refurbished must be completely replaced when
26 replacement would be more expensive or impracticable than adapting,
27 rebuilding, or refurbishing the old foundation or minor components;

28 (iii) The replacement of molds and dies which determine the
29 *physical characteristics of a hand tool or its packaging materials* is a
30 substantial replacement of existing machinery, regardless of whether the molds
31 and dies are original, duplicate or replacement *equipment*. *For the purpose of*
32 *this section, 'hand tool' means any tool solely powered by a human being.*"

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34 SECTION 2. Section 25-53-114(a)(2)(B) of the Arkansas Code of 1987
35 Annotated is hereby amended to read as follows:

1 "(B) (i) Machinery purchased to replace existing machinery means that
2 substantially all of the machinery and equipment required to perform an
3 essential function is physically replaced with new machinery that performs the
4 essential function more efficiently or with a longer useful life than the old
5 machinery being replaced.

6 (ii) The term substantially is intended to exclude routine
7 repairs and maintenance and partial replacements that do not improve
8 efficiency or extend the useful life of the entire machine, but it is not
9 intended to mean that foundations and minor components which can be
10 economically adapted, rebuilt, or refurbished must be completely replaced when
11 replacement would be more expensive or impracticable than adapting,
12 rebuilding, or refurbishing the old foundation and minor components;

13 (iii) The replacement of molds and dies which determine the
14 *physical characteristics of a hand tool or its packaging materials* is a
15 substantial replacement of existing machinery, regardless of whether the molds
16 and dies are original, duplicate or replacement equipment. *For the purpose of*
17 *this section, 'hand tool' means any tool solely powered by a human being.*"

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19 SECTION 3. *The gross receipts or gross proceeds derived from the repair*
20 *of molds and dies which determine the physical characteristics of a hand tool*
21 *shall be exempt from the tax levied under the Arkansas Gross Receipts Tax Act*
22 *(Arkansas Code 26-52-101 et seq.) and any other state or local sales and use*
23 *tax supplemental thereto.*

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25 SECTION 4. All provisions of this act of a general and permanent nature
26 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
27 Revision Commission shall incorporate the same in the Code.

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29 SECTION 5. If any provision of this act or the application thereof to
30 any person or circumstance is held invalid, such invalidity shall not affect
31 other provisions or applications of the act which can be given effect without
32 the invalid provision or application, and to this end the provisions of this
33 act are declared to be severable.

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35 SECTION 6. All laws and parts of laws in conflict with this act are

1 hereby repealed.

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/s/Cunningham and Barclay

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