

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4
5 By: Senator B. Johnson

A Bill

SENATE BILL 467

For An Act To Be Entitled

8 AN ACT TO AMEND THE SALES TAX EXEMPTION FOR CERTAIN
9 MACHINERY AND EQUIPMENT; TO PROVIDE A SALES TAX
10 EXEMPTION FOR MACHINERY AND EQUIPMENT USED TO PRODUCE
11 OR REPAIR REPLACEMENT DIES, MOLDS, REPAIR PARTS, OR
12 REPLACEMENT PARTS USED IN MANUFACTURING; AND FOR
13 OTHER PURPOSES.

Subtitle

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17 TO AMEND THE SALES TAX EXEMPTION FOR
18 CERTAIN MACHINERY AND EQUIPMENT; AND TO
19 PROVIDE A SALES TAX EXEMPTION FOR
20 MACHINERY AND EQUIPMENT USED TO PRODUCE
21 OR REPAIR DIES, MOLDS, REPAIR PARTS, OR
22 REPLACEMENT PARTS USED IN MANUFACTURING.

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

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27 SECTION 1. Arkansas Code § 26-52-402(c)(2)(B) and (C), concerning the
28 sales tax exemption for certain machinery and equipment, are amended to read
29 as follows:

30 (B) Machinery and equipment “used directly” in the
31 manufacturing process includes without limitation the following:

32 (i) Molds, frames, cavities, and forms that
33 determine the physical characteristics of the finished product or its
34 packaging material at any stage of the manufacturing process;

35 (ii) Dies, tools, and devices attached to or a part
36 of a unit of machinery that determine the physical characteristics of the



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

3 (iii) Testing equipment to measure the quality of
4 the finished product at any stage of the manufacturing process;

5 (iv) Computers and related peripheral equipment that
6 directly control or measure the manufacturing process;

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

12 (vi) Sand and other proppants used to complete a new
13 oil or gas well or to re-complete, redrill, or expand an existing oil or gas
14 well; and

15 (vii) Machinery and equipment used by a manufacturer
16 to produce or repair replacement dies, molds, repair parts, or replacement
17 parts used or consumed in the manufacturer's own manufacturing process; and

18 (C) Machinery and equipment "used directly" in the
19 manufacturing process shall not include the following:

20 (i) Hand tools;

21 (ii) Machinery, equipment, and tools used in
22 maintaining and repairing any type of machinery and equipment;

23 (iii) Transportation equipment, including conveyors,
24 used solely before or after the manufacturing process has been started or
25 completed;

26 (iv) Office machines and equipment, including
27 computers and related peripheral equipment not directly used in controlling
28 or measuring the manufacturing process;

29 (v) Buildings;

30 (vi) Machinery and equipment used in administrative,
31 accounting, sales, or other such activities of the business;

32 (vii) All furniture; and

33 (viii) All other machinery and equipment not used
34 directly in manufacturing or processing operations as defined in this
35 section; ~~and~~

36 ~~(ix) Machinery and equipment used by a manufacturer~~

1 ~~to produce or repair replacement dies, molds, repair parts, or replacement~~
2 ~~parts used or consumed in the manufacturer's own manufacturing process.~~

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4 SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective on the
5 first day of the calendar quarter following the effective date of this act.

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