

1 INTERIM STUDY PROPOSAL 2023-017

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3 REQUESTING THAT THE HOUSE COMMITTEE ON AGRICULTURE, FORESTRY, AND  
4 ECONOMIC DEVELOPMENT STUDY SALES AND USE TAX EXEMPTIONS FOR FARM  
5 MACHINERY AND EQUIPMENT AND THE POTENTIAL USE OF SALES AND USE  
6 TAX EXEMPTION CARDS.

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8 WHEREAS, farming is an important part of Arkansas's economy, and it is  
9 in the best interest of the state to support farmers and farming; and

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11 WHEREAS, there is a disparity between how Arkansas and some of the  
12 states that surround Arkansas administer sales and use tax exemptions for  
13 farming, which can lead to greater burdens on Arkansas farmers than those  
14 experienced by farmers in surrounding states; and

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16 WHEREAS, the state should take steps to ensure that sales of farm  
17 machinery and equipment to Arkansas farmers occur in Arkansas for the benefit  
18 of the state and Arkansas farmers by simplifying the process for farmers to  
19 take advantage of sales and use tax exemptions for farm equipment and  
20 machinery,

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22 NOW THEREFORE,

23 BE IT PROPOSED BY THE HOUSE COMMITTEE ON AGRICULTURE, FORESTRY, AND ECONOMIC  
24 DEVELOPMENT OF THE NINETY-FOURTH GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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26 THAT the House Committee on Agriculture, Forestry, and Economic  
27 Development study the:

28 (1) Possibility of the state providing a sales and use tax  
29 exemption card, similar to what other states such as Oklahoma provide, to  
30 taxpayers who qualify for a sales and use tax exemption, particularly with  
31 respect to taxpayers who qualify for sales and use tax exemptions related to  
32 farming;

33 (2) Process that would be required to create a sales and use tax  
34 exemption card and distribute the sales and use tax exemption cards to  
35 taxpayers who qualify for certain sales and use tax exemptions;

1           (3) Farm equipment and machinery that is exempt from sales and  
2 use tax, the farm equipment and machinery that is not exempt from sales and  
3 use tax, and the reasons for the tax treatment of each type of farm equipment  
4 and machinery;

5           (4) Creation of a list of specific exempt and non-exempt farm  
6 equipment and machinery to clarify for farmers the farm equipment and  
7 machinery that is exempt from sales and use tax and the farm equipment and  
8 machinery that is not exempt from sales and use tax; and

9           (5) Potential need for legislation for the 2025 Regular Session  
10 to address the issues considered as part of the study.

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12 BE IT FURTHER PROPOSED THAT the Department of Finance and Administration  
13 assist the House Committee on Agriculture, Forestry, and Economic Development  
14 in conducting this study by providing information regarding:

15           (1) Sales and use tax exemptions in the state and surrounding  
16 states;

17           (2) The process for determining eligibility for sales and use  
18 tax exemptions;

19           (3) The process for providing sales and use tax exemption cards  
20 similar to those provided in other states such as Oklahoma; and

21           (4) Any other information the House Committee on Agriculture,  
22 Forestry, and Economic Development determines is necessary for the completion  
23 of the study.

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25 BE IT FURTHER PROPOSED THAT the House Committee on Agriculture, Forestry, and  
26 Economic Development make any necessary recommendations regarding legislation  
27 for the 2025 Regular Session to address the issues considered as part of the  
28 study.

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30 BE IT FURTHER PROPOSED THAT the House Committee on Agriculture, Forestry, and  
31 Economic Development invite:

32           (1) The Senate Committee on Agriculture, Forestry, and Economic  
33 Development to meet jointly with the House Committee on Agriculture,  
34 Forestry, and Economic Development to participate in conducting the study;  
35 and

36           (2) Other interested parties to participate in the study.

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Respectfully submitted,

Representative DeAnn Vaught

District 87

Prepared by: JLL/JLL