

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**
4 **By: Senator Bell**

A Bill

ACT 387 OF 1995
SENATE BILL 244

For An Act To Be Entitled

8 "AN ACT TO EXEMPT PROPERTY PURCHASED FOR USE IN
9 CONSTRUCTION CONTRACTS ENTERED INTO PRIOR TO THE EFFECTIVE
10 DATE OF ANY ACT WHICH INCREASES THE ARKANSAS GROSS
11 RECEIPTS TAX AND COMPENSATING (USE) TAX FROM ANY SUCH
12 INCREASE, TO DECLARE AN EMERGENCY; AND FOR OTHER
13 PURPOSES."

Subtitle

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16 "EXEMPTS CERTAIN PROPERTY PURCHASED FOR
17 USE IN CONSTRUCTION CONTRACTS FROM SALES
18 AND USE TAX."

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

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22 SECTION 1. Tangible personal property which becomes a recognizable part
23 of a completed structure or improvement to real property and which is
24 purchased for use or consumption in the performance of construction contracts
25 shall be exempt from any additional gross receipts tax or compensating (use)
26 tax levied by the state or any city or county, when the construction contract
27 for which the property was purchased is entered into prior to the effective
28 date of the levy of the additional state, city or county gross receipts tax or
29 compensating (use) tax.

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31 SECTION 2. For the purposes of this Act "construction contract" means a
32 contract to construct, manage or supervise the construction, erection, or
33 substantial modification of a building or other improvement or structure
34 affixed to real property. The term "construction contract" shall not mean
35 contract to produce tangible personal property.

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1 SECTION 3. The exemption provided by this act shall apply to tangible
2 personal property purchased with five (5) years from the effective date of the
3 levy of the additional state, city, or county gross receipts tax or
4 compensating (use) tax. The exemption shall not apply to cost plus contracts
5 which allow the contractor to pass any additional tax on to the principal as a
6 part of the contractor's costs.

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

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12 SECTION 5. If any provision of this act or the application thereof to
13 any person or circumstance is held invalid, such invalidity shall not affect
14 other provisions or applications of the act which can be given effect without
15 the invalid provision or application, and to this end the provisions of this
16 act are declared to be severable.

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18 SECTION 6. All laws and parts of laws in conflict with this act are
19 hereby repealed.

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21 SECTION 7. Emergency. It is hereby found and determined by the General
22 Assembly that the application of any additional Gross Receipts or Compensating
23 (Use) Tax levied by the state or any city or county to tangible personal
24 property purchased for the performance of construction contracts entered into
25 prior to the effective date of the tax increase will substantially increase
26 the cost of performing contracts; that contractors are not able to include the
27 additional tax in their contract price at the time the contract is entered
28 into and, therefore, imposition of the tax to purchases of construction
29 contractors would cause undue hardship. Therefore, an emergency is hereby
30 declared to exist and this Act being necessary for the preservation of the
31 public peace, health and safety, shall take effect and be in force from the
32 date of its approval.

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/s/Bell

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As Engrossed: 2/6/95

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APPROVED: 2-20-95

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