

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

As Engrossed: 5/31/13
A Bill

SENATE BILL 11

5 By: Senators G. Stubblefield, Hickey, B. King
6 By: Representatives Wardlaw, Eubanks, Deffenbaugh, B. Wilkins, Hutchison, Cozart, Gillam
7

8 **For An Act To Be Entitled**

9 AN ACT TO CREATE AN EXEMPTION FROM THE SALES AND USE
10 TAX FOR EXPENDABLE SUPPLIES FOR FARM MACHINERY; AND
11 FOR OTHER PURPOSES.
12
13

14 **Subtitle**

15 TO CREATE AN EXEMPTION FROM THE SALES AND
16 USE TAX FOR EXPENDABLE SUPPLIES FOR FARM
17 MACHINERY.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 26-52-408 is amended to read as follows:
23 26-52-408. Certain bagging, packaging, or tying materials.

24 ~~(a) Gross receipts and gross proceeds derived from the sale of bagging~~
25 The gross receipts or gross proceeds derived from the sale of the following
26 are exempt from the gross receipts tax levied by the Arkansas Gross Receipts
27 Act of 1941, § 26-52-101 et seq., and the compensating use tax levied by the
28 Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.:

29 (1) Bagging and other packaging and tie materials sold to and
30 used by cotton gins in Arkansas for packaging or tying baled cotton ~~are~~
31 ~~exempt from the Arkansas gross receipts tax;~~

32 ~~(b) Gross receipts and gross proceeds derived from the sale of~~
33 ~~twine which~~ (2) Twine that is used in the production of tomato crops ~~are~~
34 ~~exempt from the Arkansas gross receipts tax;~~ and

35 (3)(A) Expendable supplies for farm machinery that are used for
36 balancing, packaging, tying, wrapping, or sealing animal feed products.



1 (B) As used in this subdivision (3):

2 (i) "Animal feed products" means hay, straw, grass,
3 fodder, silage, and similar products;

4 (ii)(a) "Expendable supplies for farm machinery"
5 means supplies that are:

6 (1) Used for baling, packaging, tying,
7 wrapping, or sealing animal feed products; and

8 (2) Consumed during use or disposed of
9 after use.

10 (b) "Expendable supplies for farm machinery"
11 includes without limitation baling twine, net wrap, silage wrap, and cotton
12 wrap.

13 (c) "Expendable supplies for farm machinery"
14 does not include supplies and parts used for maintenance, repair, or
15 replacement purposes;

16 (iii)(a) "Farm machinery" means implements used
17 exclusively and directly in farming.

18 (b) "Farm machinery" includes without
19 limitation implements used to harvest crops produced in farming by others.

20 (c) "Farm machinery" does not include
21 implements used in the production and severance of timber, motor vehicles of
22 a type subject to registration, airplanes, or hand tools; and

23 (iv) "Farming" means the agricultural production of
24 food or fiber as a business.

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

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29 /s/G. Stubblefield

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32 **APPROVED: 04/22/2013**