

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

As Engrossed: H4/15/21

A Bill

HOUSE BILL 1596

5 By: Representatives Jett, *Speaks*
6 By: Senator J. Dismang
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE SALES TAX EXEMPTIONS THAT APPLY
10 TO CERTAIN ARTICLES; TO ALLOW THE SALES AND USE TAX
11 EXEMPTION FOR SALES FOR RESALE TO APPLY TO ITEMS SOLD
12 FOR USE IN PRINTING; TO AMEND THE SALES AND USE TAX
13 EXEMPTION FOR CERTAIN MACHINERY AND EQUIPMENT; AND
14 FOR OTHER PURPOSES.
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Subtitle

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18 TO ALLOW THE SALES AND USE TAX EXEMPTION
19 FOR SALES FOR RESALE TO APPLY TO ITEMS
20 SOLD FOR USE IN PRINTING; AND TO AMEND
21 THE SALES AND USE TAX EXEMPTION FOR
22 CERTAIN MACHINERY AND EQUIPMENT.
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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 § 26-52-401(12)(B)(i), concerning the sales
28 tax exemption for items sold for resale, is amended to read as follows:

29 (B)(i) Goods, wares, merchandise, and property sold for
30 use in manufacturing, printing, compounding, processing, assembling, or
31 preparing for sale can be classified as having been sold for the purposes of
32 resale or the subject matter of resale only in the event the goods, wares,
33 merchandise, or property becomes a recognizable integral part of the
34 manufactured, printed, compounded, processed, assembled, or prepared
35 products.
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1 SECTION 2. Arkansas Code § 26-52-402(b), concerning the sales tax
2 exemption for certain machinery and equipment, is amended to read as follows:

3 (b) As used in this section, ~~“manufacturing”~~:

4 (1) “Articles of commerce” means:

5 (A) An item to be placed on the market for retail sale;

6 (B) A printed item that is produced for a specific
7 customer in response to a special order; or

8 (C) An item that becomes a recognizable integral part of
9 an item described in subdivision (b)(1)(A) or subdivision (b)(1)(B) of this
10 section; and

11 (2) “Manufacturing” or “processing” refers to and includes
12 those operations commonly understood within their ordinary meaning and shall
13 also include:

14 ~~(1)~~(A) Mining;

15 ~~(2)~~(B) Quarrying;

16 ~~(3)~~(C) Refining;

17 ~~(4)~~(D) Extracting oil and gas;

18 ~~(5)~~(E) Cotton ginning;

19 ~~(6)~~(F) Drying of rice, soybeans, and other grains;

20 ~~(7)~~(G) Manufacturing of feed;

21 ~~(8)~~(H) Processing of poultry or eggs and livestock and the
22 hatching of poultry;

23 ~~(9)~~(I) Printing of all kinds, types, and characters,
24 including the services of overprinting and photographic processing incidental
25 to printing;

26 ~~(10)~~(J) Processing of scrap metal into grades and bales
27 for further processing into steel and other metals;

28 ~~(11)~~(K) Retreading of tires for automobiles, trucks, and
29 other mobile equipment powered by electrical or internal combustion engines
30 or motors;

31 ~~(12)~~(L) Rebuilding or remanufacturing of used parts for
32 automobiles, trucks, and other mobile equipment powered by electrical or
33 internal combustion engines or motors if the rebuilt or remanufactured parts
34 are not sold directly to the consumer but are sold for resale; and

35 ~~(13)~~(M) Producing of protective coatings which increase
36 the quality and durability of a finished product.

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SECTION 3. Arkansas Code § 26-52-402(c)(1)(B), concerning the sales tax exemption for certain machinery and equipment, is amended to read as follows:

(B) As used in this subsection, “directly” is used to limit the exemption to only the machinery and equipment used in actual production during processing, fabricating, or assembling raw materials or semifinished materials into the form in which the personal property is to be sold ~~in the commercial market.~~

SECTION 4. EFFECTIVE DATE. Sections 1-3 of this act are effective on the first day of the calendar quarter following the effective date of this act.

/s/Jett

APPROVED: 4/25/21