

State of Arkansas

As Engrossed: H3/31/25

95th General Assembly

A Bill

Regular Session, 2025

HOUSE BILL 1594

By: Representative Vaught

By: Senator Dees

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING GROSS RECEIPTS TAX
EXEMPTION CERTIFICATES; TO CREATE A FARMER SALES TAX
IDENTIFICATION CARD; TO RELIEVE A SELLER OF SALES TAX
REMITTANCE LIABILITY UPON GOOD FAITH ACCEPTANCE OF A
FARMER SALES TAX IDENTIFICATION CARD; AND FOR OTHER
PURPOSES.

Subtitle

TO CREATE A FARMER SALES TAX
IDENTIFICATION CARD; AND TO RELIEVE A
SELLER OF SALES TAX REMITTANCE LIABILITY
UPON GOOD FAITH ACCEPTANCE OF A FARMER
SALES TAX IDENTIFICATION CARD.

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

SECTION 1. Arkansas Code § 26-52-517 is amended to read as follows:

26-52-517. Exemption certificates – Farmer sales tax identification
card – Definition.

(a) The sales tax liability for all sales of tangible personal
property, specified digital products, digital codes, and taxable services is
upon the seller unless the purchaser claims an exemption and the seller
obtains identifying information of the purchaser and the reason the purchaser
is claiming the exemption in the manner prescribed by the Secretary of the
Department of Finance and Administration.

(b)(1) When tangible personal property, specified digital products, a
digital code, or taxable services are purchased tax-free under subsection (a)



1 of this section and the tangible personal property, specified digital
2 products, digital code, or taxable service is not resold by the purchaser,
3 the purchaser is solely liable for reporting and remitting to the secretary
4 any tax which should have been paid at the time of purchase.

5 (2) Use or disposition of the property other than for resale
6 shall be deemed a withdrawal from stock for all purposes, including reporting
7 and remittance of the tax due, and the tax shall be due from the purchaser at
8 the time of the withdrawal from stock.

9 (c)(1) The secretary may provide sale for resale certificates to
10 assist retailers in properly accounting for nontaxable sales of tangible
11 personal property or taxable services.

12 (2) Such certificates must be completed as to the information
13 required in order to be valid and cannot be used to establish any other
14 exemption from sales or use tax.

15 (d)(1) A seller may accept a blanket exemption certificate or rely on
16 a previously obtained copy of a farmer sales tax identification card from a
17 purchaser with which the seller has a recurring business relationship.

18 (2) A seller is not required to renew blanket exemption
19 certificates, obtain a new copy of a farmer sales tax identification card, or
20 update exemption certificate information or data elements when there is a
21 recurring business relationship between the purchaser and seller.

22 (3) A recurring business relationship exists when a period of no
23 more than twelve (12) months elapses between sales transactions.

24 (e) A seller that follows the exemption requirements as prescribed by
25 the secretary is relieved from any tax otherwise applicable if it is
26 determined that the purchaser improperly claimed an exemption.

27 (f) The relief from liability provided in subsection (e) of this
28 section does not apply to a seller that:

29 (1) Fraudulently fails to collect the sales tax;

30 (2) Solicits a purchaser to participate in the unlawful claim of
31 an exemption; or

32 (3) Accepts an exemption certificate or farmer sales tax
33 identification card from a purchaser claiming an entity-based exemption if:

34 (A) The subject of the transaction sought to be covered by
35 the exemption certificate or farmer sales tax identification card is actually
36 received by the purchaser at a location operated by the seller; and

1 (B) The Department of Finance and Administration provides
2 an exemption certificate that clearly and affirmatively indicates that the
3 claimed exemption is not available in Arkansas.

4 (g)(1) A seller may obtain a fully completed exemption certificate,
5 obtain a copy of a farmer sales tax identification card, or capture the
6 relevant data elements required by the department within ninety (90) days
7 after the date of sale.

8 (2)~~(A)~~ If the seller has not obtained an exemption certificate,
9 a copy of a farmer sales tax identification card, or all relevant data
10 elements and the department makes a request for substantiation of the
11 exemption, the seller has one hundred twenty (120) days from the date of the
12 request to prove by other means that the transaction was not subject to sales
13 or use tax or to obtain in good faith a fully completed exemption certificate
14 or a copy of a farmer sales tax identification card from the purchaser.

15 ~~(B) As used in this subsection, "good~~

16 (h)(1) In lieu of an exemption certificate under this section:

17 (A) The secretary shall provide an eligible farmer with a farmer
18 sales tax identification card to assist retailers in properly accounting for
19 nontaxable sales of tangible personal property or taxable services to a
20 person engaged in farming; and

21 (B) A person engaged in farming may present a farmer sales tax
22 identification card to a seller to obtain an exemption under § 26-52-401 et
23 seq.

24 (2)(A) If a purchaser uses a farmer sales tax identification card
25 issued under this subsection to claim an exemption from sales or use tax, the
26 department may request that the purchaser provide documentation supporting
27 entitlement to the claimed exemption.

28 (B) If the department determines an item purchased exempt
29 from sales and use tax using a farmer sales tax identification card was not
30 entitled to the exemption provided under this section, the department may
31 assess the sales or use tax, interest, and a penalty against the purchaser
32 who claimed the exemption.

33 (i) As used in this section:

34 (1) "Eligible farmer" means a person or entity that:

35 (A) Is engaged in farming;

36 (B) Has demonstrated to the secretary that the person or

entity has the resources and capacity to produce food, fiber, grass sod, or nursery products in commercially marketable quantities; and

(C) Except as provided in subdivision (j)(2) of this section, either:

(i) Provides a copy of a schedule 1040F, 1065, or other equivalent tax form filed with the person's or entity's income tax return for the most recent three-year period to report gain or loss from farming activities; or

(ii) If the person or entity has been farming for fewer than three (3) years, files a three-year business plan, on a form provided by the secretary, demonstrating that the applicant has acquired land, loans, financing, and other resources necessary to establish and operate a farm capable of producing commercially marketable quantities of food, fiber, grass sod, or nursery products;

(2) "Farming" means the agricultural production of food or fiber as a business or the agricultural production of grass sod or nursery products as a business; and

(3) "Good faith" means that the seller obtains a certificate that claims an exemption certificate or farmer sales tax identification card for an exemption that:

(i)(A) Was statutorily available on the date of the transaction in the jurisdiction where the transaction is sourced;

(ii)(B) Could be applicable to the item being purchased; and

(iii)(C) Is reasonable for the purchaser's type of business.

(j)(1) A farmer sales tax identification card issued under subsection (h) of this section:

(A) Shall expire eight (8) years from the date of issuance; and

(B) Is subject to renewal by the secretary upon application by the eligible farmer.

(2) An eligible farmer applying to renew an existing farmer sales tax identification card under this subsection is not required to provide the documents required under subdivision (i)(1)(C) of this section if the eligible farmer certifies that neither the eligible farmer's farm nor

1 other application information has changed since the expiring farmer sales tax
2 identification card was issued.

3 (k)(1) An applicant for a farmer sales tax identification card shall
4 pay an application fee of:

5 (A) Twenty dollars (\$20.00) for a new farmer sales tax
6 identification card; and

7 (B) Ten dollars (\$10.00) for the renewal of a farmer sales
8 tax identification card.

9 (2) The fees collected under this section shall be deposited
10 into the State Treasury to the credit of the State Central Services Fund as
11 direct revenue to be used by the Revenue Division of the Department of
12 Finance and Administration to defray the cost of administering the farmer
13 sales tax identification card and for other related purposes as required by
14 the secretary in carrying out the functions, powers, and duties of the
15 division.

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17 SECTION 2. This act is effective on and after January 1, 2026.

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19 /s/Vaught

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22 APPROVED: 4/14/25
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