

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Bradford**

A BILL ACT 548 OF 1991
SENATE BILL 286

5
6
7 **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."

14
15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

16
17 SECTION 1. Tangible personal property which becomes a recognizable part
18 of a completed structure or improvement to real property and which is
19 purchased for use or consumption in the performance of construction contracts
20 shall be exempt from any additional Gross Receipts Tax or Compensating (Use)
21 Tax levied by the 78th General Assembly during Regular Session, 1991, when the
22 construction contract for which the property was purchased is entered into
23 prior to the effective date of the Act levying an additional Gross Receipts
24 Tax or Compensating (Use) Tax.

25
26 SECTION 2. For the purposes of this Act "construction contract" means a
27 contract to construct, manage or supervise the construction, erection, or
28 substantial modification of a building or other improvement or structure
29 affixed to real property. The term "construction contract" shall not mean
30 contract to produce tangible personal property.

31
32 SECTION 3. The exemption provided by this Act shall apply to tangible
33 personal property purchased prior to January 1, 1997. This exemption shall
34 not apply to cost plus contracts which allow the contractor to pass any
35 additional tax onto the principal as a part of the contractor's costs.

36

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

4

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

10

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12 hereby repealed.

13

14 SECTION 7. It is hereby found and determined by the General Assembly
15 that the application of any additional Gross Receipts or Compensating (Use)
16 Tax to tangible personal property purchased for the performance of
17 construction contracts entered into prior to the effective date of the tax
18 increase will substantially increase the cost of performing contracts; that
19 contractors were not able to include the additional tax in their contract
20 price at the time the contract was entered into and, therefore, imposition of
21 the tax to purchases of construction contractors would cause undue hardship.
22 Therefore, an emergency is hereby declared to exist and this Act being
23 necessary for the preservation of the public peace, health and safety, shall
24 take effect and be in force from the date of its approval.

25

26 APPROVED: 3-14-91

27

28

29

30

31

32

33

34

35