

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

# A Bill

HOUSE BILL 1196

4  
5 By: Representatives Christiansen, Beck

## For An Act To Be Entitled

8 AN ACT TO PROVIDE A SALES AND USE TAX EXEMPTION FOR  
9 CERTAIN UTILITIES USED BY A POULTRY FARM; TO REQUIRE  
10 THE ADOPTION OF RULES RELATED TO THE CREATION OF A  
11 SALES AND USE TAX EXEMPTION FOR CERTAIN UTILITIES  
12 USED BY A POULTRY FARM; AND FOR OTHER PURPOSES.

## Subtitle

16 TO PROVIDE A SALES AND USE TAX EXEMPTION  
17 FOR WATER USED BY A POULTRY FARM; AND TO  
18 REQUIRE THE ADOPTION OF RELATED RULES.

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

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23 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is  
24 amended to add an additional section to read as follows:

25 26-52-453. Water used in poultry farming.

26 (a) As used in this section, "poultry farm" means a facility used for  
27 the commercial production of poultry, including without limitation a broiler  
28 or turkey grow-out house, laying house, hatching unit, nursery unit, and  
29 breeding house.

30 (b)(1) The gross receipts or gross proceeds derived from the sale of  
31 water that is used exclusively in the operation of a poultry farm are exempt  
32 from the gross receipts tax levied by this chapter and the compensating use  
33 tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

34 (2) Water sold for any purpose other than the purpose stated in  
35 subdivision (b)(1) of this section is subject to the full gross receipts tax  
36 levied by this chapter and the full compensating use tax levied by the



1 Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

2 (c)(1) Water subject to the exemption provided under this section  
 3 shall be separately metered from water used for any other purpose by the  
 4 taxpayer.

5 (2) However, the rules promulgated under subsection (e) of this  
 6 section may establish additional or alternate requirements for the metering  
 7 of water under this section.

8 (d) Before allowing the exemption for water under this section, the  
 9 Secretary of the Department of Finance and Administration may require a water  
 10 utility to obtain a certificate from the taxpayer in the form prescribed by  
 11 the secretary, certifying that the taxpayer is eligible for the exemption.

12 (e) The secretary shall promulgate rules for the proper administration  
 13 of this section.

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 15 SECTION 2. DO NOT CODIFY. Rules.

16 (a) When adopting the initial rules required under this act, the  
 17 Secretary of the Department of Finance and Administration shall file the  
 18 final rules with the Secretary of State for adoption under § 25-15-204(f):

19 (1) On or before October 1, 2021; or

20 (2) If approval under § 10-3-309 has not occurred by October 1,  
 21 2021, as soon as practicable after approval under § 10-3-309.

22 (b) The secretary shall file the proposed rules with the Legislative  
 23 Council under § 10-3-309(c) sufficiently in advance of October 1, 2021, so  
 24 that the Legislative Council may consider the rules for approval before  
 25 October 1, 2021.

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 27 SECTION 3. EFFECTIVE DATE. Section 1 of this act is effective on the  
 28 first day of the calendar quarter following the effective date of this act.