

**ARKANSAS SENATE**  
90th General Assembly - Regular Session, 2015  
**Amendment Form**

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**Subtitle of Senate Bill No. 332**

TO REDUCE THE SALES AND USE TAX ON THE PARTIAL REPLACEMENT AND REPAIR OF CERTAIN  
MACHINERY AND EQUIPMENT USED IN MANUFACTURING; AND TO DECLARE AN EMERGENCY.

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**Amendment No. 2 to Senate Bill No. 332**

Amend Senate Bill No. 332 as engrossed, S2/17/15 (version: 02/17/2015 10:36:35 AM):

Page 2, line 7, delete "repealed." and substitute "amended to read as follows:"

AND

Page 2, delete lines 8 through 11, and substitute the following:

"(f) To claim the benefit of the tax refund under this section, a taxpayer shall hold a direct pay or a limited direct pay sales and use tax permit from the Department of Finance and Administration and shall claim the tax refund under the direct pay or limited direct pay permit."

AND

Immediately following SECTION 2, add an additional section to read as follows:

"SECTION 3. Arkansas Code § 26-52-509(a), concerning the direct payment of sales and use tax by a consumer or user, is amended to read as follows:

(a)(1) ~~In the exercise of his or her discretion, the~~ The Director of the Department of Finance and Administration by agreement with any consumer or user may ~~permit:~~

(A) Permit a consumer or user under the agreement to accrue and remit gross receipts taxes directly to the Department of Finance and Administration, instead of the taxes being collected and paid by the seller ~~as provided in under~~ § 26-52-508; and

(B)(i) Issue limited direct pay authority to permit a user or consumer to accrue and remit gross receipts and compensating use taxes on purchases that include eligible purchases.

(ii)(a) A limited direct pay agreement permits a consumer or user to accrue and remit gross receipts and compensating use taxes on purchases that include eligible purchases.

(b) As used in this section, "eligible



purchases” means property or services subject to a refund of tax under §§ 26-52-447 and 26-53-149.

(iii)(a) A limited direct pay agreement is available only to a person eligible for a refund of tax under §§ 26-52-447 and 26-53-149.

(b) A person holding a limited direct pay permit shall use the permit only to make purchases that include eligible purchases.

(2)(A) A seller that receives a claim for exemption from a customer based on a limited direct pay permit shall not collect and remit gross receipts or compensating use taxes on purchases that include eligible purchases made by a person holding a limited direct pay permit.

(B) However, if a seller collects and remits gross receipts or compensating use taxes on eligible purchases from a person holding a limited direct pay permit, a refund may be obtained under § 26-18-507.

(3) A person who has entered into a limited direct pay agreement under this section and makes purchases of property or services under the authority of that agreement without paying the gross receipts or compensating use taxes due on those purchases is responsible for remitting the proper amount of tax due to the director as required by law.

(4)(A) A seller shall collect and remit gross receipts and compensating use taxes on purchases made by a person holding a limited direct pay permit that are not eligible purchases.

(B) If a seller relies on the limited direct pay permit and fails to properly collect tax on sales other than eligible purchases, the limited direct pay permit holder shall remit the proper amount of tax to the state as required under subsection (a)(3) of this section.

(5) This section does not eliminate the requirement that a consumer or user self-assess and remit compensating use tax under §§ 26-53-123 – 26-53-125."

AND

Page 2, line 27, delete "repealed." and substitute "amended to read as follows:"

AND

Page 2, delete lines 28 through 31, and substitute the following:

"(f) To claim the benefit of the tax refund under this section, a taxpayer shall hold a direct pay or a limited direct pay sales and use tax permit from the Department of Finance and Administration and shall claim the tax refund under the direct pay or limited direct pay permit."

AND

Appropriately renumber the sections of the bill

The Amendment was read the first time, rules suspended and read the second time and \_\_\_\_\_

**By: Senator Files**  
**JLL/JLL - 03-11-2015 09:43:43**  
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**Secretary**