

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005

# A Bill

HOUSE BILL 2895

4  
5 By: Representative Scroggin  
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## For An Act To Be Entitled

8  
9 AN ACT TO PROVIDE FORESTERS THE SAME EXEMPTION  
10 FROM SALES AND USE TAXES FOR EQUIPMENT THAT IS  
11 PROVIDED TO FARMERS; AND FOR OTHER PURPOSES.  
12

## Subtitle

13  
14 TO PROVIDE FORESTERS THE SAME EXEMPTION  
15 FROM SALES AND USE TAXES FOR EQUIPMENT  
16 THAT IS PROVIDED TO FARMERS.  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code § 26-52-431 is amended to read as follows:

22 26-52-431. Timber harvesting equipment.

23 (a) The ~~first fifty thousand dollars (\$50,000) of the purchase price~~  
24 ~~from the sale of~~ new or used machinery or equipment and related attachments  
25 that are sold to or used by a person engaged primarily in the harvesting of  
26 timber shall be exempt from the taxes levied by the Arkansas Gross Receipts  
27 Act of 1941, as amended, § 26-52-101 et seq., and the Arkansas Compensating  
28 Tax Act of 1949, as amended, § 26-53-101 et seq.

29 (b) Equipment and related attachments are not exempt unless they are:

30 (1) Purchased by a person whose primary activity is the  
31 harvesting of timber; and

32 (2) Used exclusively in the off-road activity of harvesting of  
33 timber.

34 (c) The exemption provided in this section shall not apply to  
35 purchases of repair or replacement parts for the equipment.

36 (d) For the purpose of this section:



1 (1) "Equipment used in the harvesting of timber" means all off-  
 2 road equipment and related attachments used in every forestry procedure  
 3 starting with the severing of a tree from the ground through the point at  
 4 which the tree or its parts in any form have been loaded in the field in or  
 5 on a truck or other vehicle for transport to the place of use;

6 (2) "Machinery or equipment" means ~~only complete systems or~~  
 7 ~~units~~ implements that ~~operate~~ are used exclusively and directly in the  
 8 harvesting of timber;

9 (3) "Off-road equipment" means and includes skidders, feller  
 10 bunchers, delimiters of all types, chippers of all types, loaders of all  
 11 types, and bulldozers equipped with grapples used as skidders; and

12 (4) "Primary activity" means the principal activity in which a  
 13 person is engaged and to which more than fifty percent (50%) of all the  
 14 resources of his or her activities are committed.

15 ~~(e) This section shall be effective beginning July 1, 1999.~~

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 17 SECTION 2. Arkansas Code § 26-52-403 is amended to read as follows:

18 26-52-403. Farm equipment and machinery.

19 (a) The sale of new and used farm equipment and machinery shall not be  
 20 subject to the Arkansas gross receipts tax levied by § 26-52-301(1), (2),  
 21 (3)(A), (3)(B), (3)(C)(i)-(3)(C)(iii), (4), and (5), but shall be exempt  
 22 therefrom.

23 (b)(1)(A) As used in this section, "farm equipment and machinery"  
 24 means implements used exclusively and directly in farming which for purposes  
 25 of this section is defined as the agricultural production of food or fiber as  
 26 a business or the agricultural production of grass sod or nursery products as  
 27 a business.

28 (B) Implements used to harvest crops produced in farming  
 29 by others shall be considered as used in farming.

30 (2) Irrigation pipe used to carry water from the irrigation well  
 31 to the crops produced in farming shall be considered "farm machinery or  
 32 equipment" regardless of whether the pipe is used above ground or is buried  
 33 underground.

34 (3) However, the term "farm equipment and machinery" shall not  
 35 include implements used in the production and severance of ~~timber~~, motor  
 36 vehicles of a type subject to registration, airplanes, or hand tools.

1 (c)(1) Each purchaser of farm machinery must certify, in writing, on  
2 the copy of the invoice or sales ticket to be retained by the seller that he  
3 or she is engaged in farming and that the farm machinery will be used only in  
4 farming.

5 (2) The seller shall certify to the Department of Finance and  
6 Administration that the contract price of the items has been reduced to grant  
7 the full benefit of the exemption.

8 (3) Violation of this subsection by the purchaser or seller  
9 shall be a misdemeanor and, upon violation or conviction for a second  
10 offense, the Director of the Department of Finance and Administration shall  
11 revoke the seller's sales tax permit.

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13 SECTION 3. This act shall apply to the sale of new or used timber  
14 harvesting machinery or equipment beginning on the first day of the calendar  
15 month following the effective date of this act.

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