

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 86th General Assembly
3 Regular Session, 2007
4

A Bill

HOUSE BILL 2385

5 By: Representative L. Smith
6
7

For An Act To Be Entitled

9 AN ACT TO PROVIDE THE CITIZENS OF THE STATE WITH
10 INFORMATION REGARDING SALES AND USE TAX
11 EXEMPTIONS; TO PROVIDE A MORE OPEN GOVERNMENT;
12 AND FOR OTHER PURPOSES.
13

Subtitle

14 TO PROVIDE THE CITIZENS OF THE STATE
15 WITH INFORMATION REGARDING SALES AND USE
16 TAX EXEMPTIONS AND TO PROVIDE A MORE
17 OPEN GOVERNMENT.
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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 25, Chapter 18, Subchapter 2 is amended
24 to add an additional section to read as follows:

25 25-18-226. Open government.

26 (a) It is the intent of the General Assembly to provide an open
27 government to the citizens of this state.

28 (b) In pursuance of that goal, the Department of Finance and
29 Administration shall post on its public website the state tax revenue lost
30 due to exemptions or exclusions from the gross receipts tax levied by the
31 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the
32 compensating use tax levied by the Arkansas Compensating Tax Act of 1949, §
33 26-53-101 et seq.

34 (c) The list will include without limitation the following:

35 (1) Exemptions for nonprofit, religious, and charitable
36 organizations:



- 1 (A) Boys' and Girls' Clubs of America;
- 2 (B) Poets Roundtable of Arkansas;
- 3 (C) Boy Scouts of America and scout councils;
- 4 (D) Girls Scouts of the United States of America and scout
- 5 councils;
- 6 (E) 4-H Clubs and FFA Clubs;
- 7 (F) 4-H Foundation and FFA Foundation;
- 8 (G) Orphans and children's homes operated by religious and
- 9 charitable organizations;
- 10 (H) American Red Cross;
- 11 (I) Nonprofit humane societies;
- 12 (J) Sales of food to government agencies for free
- 13 distribution;
- 14 (K) Sales by churches and charitable organizations;
- 15 (L) Sales to nonprofit hospitals, sanitariums, or
- 16 nonprofit nursing homes;
- 17 (M) Sales to nonprofit organizations that provide
- 18 temporary housing to families of hospital patients;
- 19 (N) Sales of motor vehicles to veterans blinded by
- 20 service-connected injury;
- 21 (O) Sales of motor vehicles used by volunteers for life-
- 22 saving and rescue activities and volunteer fire departments;
- 23 (P) Fort Smith Clearing House;
- 24 (Q) Sales to federal credit unions;
- 25 (R) Sales on the premises of the Arkansas Veterans Home;
- 26 (S) Arkansas Country Music Hall of Fame Board;
- 27 (T) Habitat for Humanity;
- 28 (U) Salvation Army;
- 29 (V) Heifer Project International;
- 30 (W) Arkansas Symphony Orchestra; and
- 31 (X) Qualified museums;
- 32 (2) Federal government exemptions:
- 33 (A) Food stamp sales and the WIC program;
- 34 (B) United States Government sales;
- 35 (C) Sales of medical equipment through Medicare or
- 36 Medicaid programs;

- 1 (D) Motor vehicle sales to nonprofit organizations; and
- 2 (E) Motor vehicle sales to disabled veterans;
- 3 (3) Interstate commerce clause exclusions and exemptions:
- 4 (A) Out-of-state sales by Arkansas vendors;
- 5 (B) Private interstate communications services;
- 6 (C) Interstate communications services and access to
- 7 private lines;
- 8 (D) Interstate wide area telecommunications services;
- 9 (E) Repairs of telephone instruments shipped to Arkansas
- 10 for repair and returned out of state;
- 11 (F) Sales of aircraft by Arkansas manufacturing and
- 12 aircraft substantially completed in Arkansas to out-of-state purchasers;
- 13 (G) Repairs of watches and clocks shipped to Arkansas for
- 14 repair and returned out of state;
- 15 (H) Repairs of railroad parts, cars, and equipment brought
- 16 into Arkansas for repair and returned out of state;
- 17 (I) Sales of vessels, barges, and towboats of at least
- 18 fifty (50) tons of load displacement; and
- 19 (J) Sales of parts and labor to repair vessels, barges,
- 20 and towboats of at least fifty (50) tons of load displacement;
- 21 (4) Resale exclusion:
- 22 (A) Sales of unprocessed or crude oil;
- 23 (B) Sales of taxable labor for resale;
- 24 (C) Sales for resale;
- 25 (D) Restaurant purchases of paper and packaging products;
- 26 (E) Services and parts on commercial jet aircraft;
- 27 (F) Sales of packaging materials to manufacturers;
- 28 (G) Chemicals, nutrients, and ingredients in yeast
- 29 productions; and
- 30 (H) Property consumed during manufacturing and forms;
- 31 (5) Exemptions for school districts and other educational
- 32 institutions:
- 33 (A) Sales of school buses to Arkansas school districts;
- 34 (B) Purchases of school buses if the purchaser uses the
- 35 buses to provide service to school districts;
- 36 (C) Sales of motor vehicles to cities, counties, state-

1 supported colleges, and school districts;

2 (D) Motor vehicles purchased by technical or community
3 colleges;

4 (E) Sales of food in school and college lunchrooms;

5 (F) Sales of textbooks and library books to the State of
6 Arkansas for free distribution;

7 (G) Sales of tickets for athletic events at public and
8 private schools;

9 (H) Sales of tickets for athletic events at public and
10 private colleges; and

11 (I) Sales of textbooks, library books, and other
12 instructional materials;

13 (6) Exemptions for local governments other than school
14 districts:

15 (A) Sales of tickets or admissions by cities to amusements
16 and athletic, entertainment, and recreational events;

17 (B) Public housing authorities;

18 (C) Regional water distribution districts;

19 (D) Regional airport authorities;

20 (E) Fire protection equipment used by volunteer fire
21 departments; and

22 (F) Construction materials purchased by volunteer fire
23 departments;

24 (7) Exemptions for low-income households:

25 (A) Sales of the first five hundred (500) kilowatts hours
26 of electricity per month to low-income households;

27 (B) Sales of motor vehicles of less than two thousand five
28 hundred dollars (\$2,500); and

29 (C) Sales of foodstuffs to nonprofit agencies for free
30 distribution to the poor and needy;

31 (8) Medical exemptions:

32 (A) Sales of prescription drugs and oxygen at retail
33 stores or health care facilities;

34 (B) Sales of insulin and test strips;

35 (C) Sales, rentals, and repair of adaptive medical
36 equipment; and

- 1 (D) Sale of prescription drugs to physicians;
- 2 (9) Motor fuel exemptions:
- 3 (A) Sales of motor fuel and special motor fuel;
- 4 (B) Sales of motor fuel for buses used in municipal
- 5 transportation services; and
- 6 (C) Sales of special fuels and petroleum products consumed
- 7 by vessels, barges, commercial watercraft, and railroads;
- 8 (10) Energy exemptions:
- 9 (A) Sales of electricity used in aluminum metal
- 10 manufacturing;
- 11 (B) Sales of natural gas used in glass manufacturing;
- 12 (C) Sales of natural gas and electricity used by steel
- 13 mills;
- 14 (D) Sales of electricity and natural gas used in wall and
- 15 floor tile manufacturing; and
- 16 (E) Sales of electricity used for the production of
- 17 chlorine and other chemicals;
- 18 (11) Energy and waste fuel exemptions:
- 19 (A) Sales of railroad ties used as fuel by a manufacturer;
- 20 (B) Waste fuel used in manufacturing;
- 21 (C) Solid waste, used motor oil, and petroleum waste used
- 22 as fuel in manufacturing; and
- 23 (D) Sales of gas produced from biomass to generate energy
- 24 that is sold back to the gas producer;
- 25 (12) Aviation and aerospace:
- 26 (A) Sales of aircraft of less than two thousand five
- 27 hundred dollars (\$2,500); and
- 28 (B) Aircraft held for resale used in charter services;
- 29 (13) Other exemptions:
- 30 (A) Transportation services, sewer, garbage collection,
- 31 and sanitization services;
- 32 (B) Membership dues for privilege of membership and fees
- 33 paid to private clubs holding Alcohol Beverage Control licenses;
- 34 (C) Automobile core charges;
- 35 (D) Services provided by coin-operated car washes;
- 36 (E) Rentals of equipment for motion picture production;

- 1 (F) Admission fees at state, district, and county fairs
- 2 and rodeos;
- 3 (G) Repair or remanufacture of industrial metal rollers;
- 4 (H) Isolated sales not made by established businesses;
- 5 (I) Sales of used property taken as a trade-in;
- 6 (J) Sales of dies and molds;
- 7 (K) Border city exemption that extends Texas exemptions to
- 8 Texarkana, Arkansas;
- 9 (L) Construction materials and furnishings purchased for a
- 10 business' child care facility;
- 11 (M) Sales of motor vehicles to motor vehicle rental
- 12 businesses;
- 13 (N) Fees for transfer of fill material and fees for
- 14 delivery only;
- 15 (O) Sales of used manufactured homes;
- 16 (P) Sales of fuel packaging materials and machinery and
- 17 equipment used for hazardous and nonhazardous waste materials processed into
- 18 fuel products; and
- 19 (Q) Sales of a truck tractor or semitrailer of less than
- 20 nine thousand one hundred fifty dollars (\$9,150);
- 21 (14) Media exemptions:
- 22 (A) Services purchased by radio and television companies
- 23 for use in providing their services;
- 24 (B) Sales of newspapers;
- 25 (C) Sales of advertising space in newspapers and
- 26 publications;
- 27 (D) Sales of billboard advertising; and
- 28 (E) Sales of publications, other than newspapers, sold
- 29 through regular subscriptions;
- 30 (15) Industrial and agricultural machinery and equipment
- 31 exemptions:
- 32 (A) Sales of manufacturing machinery and equipment;
- 33 (B) Sales of machinery and equipment used by newspaper
- 34 publishers;
- 35 (C) Sales of pollution control machinery and equipment
- 36 used by manufacturers and cities;

1 (D) Sales of machinery and equipment used in
 2 remanufacturing used parts and retreading tires;

3 (E) Sales of machinery and equipment used exclusively and
 4 directly in farming for commercial purposes;

5 (F) Irrigation pipe used in farming;

6 (G) Sales of machinery and equipment used for timber
 7 harvesting;

8 (H) Sales of machinery and equipment used for production
 9 of sod and nursery products;

10 (I) Sales of catalysts, chemicals, reagents, and
 11 solutions; and

12 (J) Sales of livestock reproduction equipment or livestock
 13 reproduction substance; and

14 (16) Agricultural exclusions:

15 (A) Sales of raw farm products, including Christmas trees,
 16 from producer to consumer;

17 (B) Sales of baby chickens;

18 (C) Sales of livestock at special livestock sales;

19 (D) Sales of dairy products by producers owning no more
 20 than five (5) cows;

21 (E) Sales of poultry and poultry products from the farm;

22 (F) Sales of twine used in tomato production;

23 (G) Sales of materials to cotton gins for packaging and
 24 tying baled cotton;

25 (H) Sales of cotton, seed cotton, lint cotton, and baled
 26 cotton;

27 (I) Sales of cotton seed in its original condition;

28 (J) Sales of seed for commercial production of
 29 agricultural products;

30 (K) Sales of agricultural fertilizer, agricultural
 31 chemicals, pesticides and vaccines, and medications used in treating
 32 livestock and poultry; and

33 (L) Sales of feedstuffs used in commercial production of
 34 livestock and poultry.

35 (d) The information posted on the Department of Finance and
 36 Administration's website under subsections (b) and (c) of this section:

1 (1) Shall be published as soon as practicable for each fiscal
2 year beginning with the fiscal year that ends June 30, 2007;

3 (2) Shall be updated each year to reflect those sales and use
4 tax exemptions and exclusions that were in effect at any point during that
5 fiscal year under the Arkansas Gross Receipts Act of 1941, § 26-52-101 et
6 seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.;

7 (3) Shall include the total tax revenue lost under §§ 26-52-301,
8 26-52-302, 26-53-106, 26-53-107, the Arkansas Constitution, Amendment 75 § 2,
9 and any other state sales and use taxes levied under Arkansas law; and

10 (4) Shall not contain any information or data that would be in
11 conflict with the confidentiality restrictions of § 26-18-303 or any other
12 state or federal law.

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