



Sales and Use Tax Revenue Impact of Exemptions

Arkansas Tax Reform and Relief Legislative Task Force

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Arkansas Department of Finance and Administration



Overview of Sales and Use Tax Exemption Presentation

- Revenue estimates are prepared by DFA's Office of Economic Analysis and Tax Research.
- Presentation provides the estimated value of various exemptions to the Arkansas sales and use tax and is not an official list of all exemptions.
- For the revenue estimates that have been updated for FY2017, the values have been calculated at the current 6.5% state sales tax rate and at the 4.5% portion that is deposited into General Revenue. For the estimates that have not been updated since FY2011, the values have been updated with the current 6.5% total sales tax rate from 6.0% in the older study as well as the 4.5% deposit to General Revenue.

Overview

- Exemptions are grouped in categories as a guide and do not represent official categories in Arkansas statutes or rules. When appropriate, individually-enacted exemptions may be combined, even if enacted in different years.
- Values of tax exemptions are often difficult to measure and only as good as the data available. Whenever possible, information from Arkansas' tax systems was used. However, the great majority of estimates rely upon external sources including federal statistical data, published industry data, and various other sources, often necessitating assumptions.

Overview

- This list of sales and use tax exemptions is mainly comprised of full exemption cases with no reference data available in DFA Revenue Division.
- The exceptions include Food and Food Ingredients where a 1.5% tax rate remains in effect, reduced rates on electricity and natural gas used in manufacturing, and the partial exemption for manufactured homes.
- Revenue data is also available in the cases of recent exemptions with completed DFA Fiscal Impact Statements.

Overview

- The estimated value of an exemption measures the tax collection foregone on that activity in isolation, as it existed in FY2017, and not on how that activity may change if the exemption was repealed. Therefore, it is not necessarily the same as the revenue gain that would occur if the exemption was repealed.
- Each exemption is considered independently and may not take into account overlap between exemptions. For example, an exempt entity may purchase newspaper advertising which is exempt. The value of that entity's advertising exemption may appear in the overall advertising exemption estimate as well in the entity's overall exemption estimate. When an overlap is identified and estimated, the net impact is noted.

Overview

- Estimates are a snapshot of activity for one year.
- Value of exemptions can vary widely from year to year. For example, the exemption for cotton purchases could change significantly if there is a shift of crop production to or away from cotton. Trends in the price of natural gas may cause large changes in the exemption estimate for manufacturers' use of this fuel.
- Other exemptions may increase or decrease due to longer term industry trends or demographic trends.

Overview: Differences Between Estimates and DFA Fiscal Impact Statements

- Exemption estimates differ from other DFA Fiscal Impact Statements used in policymaking in that overlapping laws and exemptions have not been considered for these estimates.
- Specific legislative proposals for selected changes in exemptions would require a detailed legal analysis, revenue update, and projection on future budgets.

Overview – Final Note

- Difficulty in estimating the cost of Sales and Use Tax exemptions stems from the fact that the tax form used for depositing Sales and Use Tax payments is designed for taxpayer and business simplicity.
- Forms do not require information on what is not taxed or extensive details of itemized consumption.

Exemptions from the 6.5%
Arkansas Gross Receipts Tax and
Compensating Use Tax

Motor Fuel Exemptions

- Gasoline or motor vehicle fuel on which the gasoline or motor vehicle fuel tax has been paid. Ark. Code Ann. § 26-52-401(11)(A)(i)
Taxed at Retail Level - \$304,419,244; (GR Portion - \$210,751,785) (FY2017)
Taxed at Wholesale Level - \$206,687,494; (GR Portion - \$143,091,342) (FY2017)
- Sales of motor fuel to owners or operators of motor buses operated on designated streets, according to regular schedules, under municipal franchise, for municipal transportation purposes. Ark. Code Ann. § 26-52-417(a)
\$110,109; (GR Portion - \$76,230) (FY2017)
- Sales of special fuel or petroleum products for consumption by vessels, barges, other commercial watercraft, and railroads. Ark. Code Ann. § 26-52-401(11)(A)(ii)
\$10,837,625; (GR Portion - \$7,502,971) (FY2017)
- Sales of dyed diesel. The sales tax was replaced by a per gallon tax. Ark. Code Ann. § 26-52-401(11)(A)(iii)
\$22,590,621; (GR Portion - \$15,639,661) (FY2017)

Federal Government Exemptions

- Purchases legally made with food stamps or the Special Supplemental Food Program for women, Infants, and Children (WIC). Ark. Code Ann. § 26-52-401(27)(A)
\$38,727,164; (GR Portion - \$29,045,373) (FY2017)
*Due to broader food exemption, only gain of \$9.7M if eliminated; then less after food rate reduction projected for FY2019.)
- Sales to the United States Government and its agencies. Ark. Code Ann. § 26-52-401(5)
\$49,530,000; (GR Portion - \$34,290,000) (FY2011)
- Sales or rental of medical equipment by medical equipment suppliers in Arkansas for the benefit of persons enrolled in and eligible for Medicare or Medicaid programs under the Federal Social Security Act. Ark. Code Ann. § 26-52-401(20)
\$7,606,950; (GR Portion - \$5,266,350) (FY2011)

Federal Government Exemptions: Continued

- Sales of motor vehicles used to transport the aged, disabled, or mentally ill under DHS programs where the vehicles are purchased in lots of 10 or more and (1) purchased by non-profit organizations, and used for the performance of contracts with the Department of Human Services, or (2) purchased with Urban Mass Transit Administration Funds. Ark. Code Ann. § 26-52-420

\$16,250; (GR Portion - \$11,250) (FY2011)

- Sales of motor vehicles and adaptive equipment to disabled veterans who have purchased them with financial assistance from the Department of Veterans Affairs. Ark. Code Ann. § 26-52-401(6)

\$42,793; (GR Portion - \$29,626) (FY2011)

Media Exemptions

- Services purchased by radio and television companies for use in providing their services. Ark. Code Ann. § 26-52-301(3)(C)(ii)
\$4,689,005; (GR Portion – \$3,246,234) (FY2017)
- Sales of newspapers. Ark. Code Ann. § 26-52-401(4)
\$2,688,260; (GR Portion – \$1,861,103) (FY2017)
- Sale or rental of advertising space in newspapers and publications. Ark. Code Ann. § 26-52-401(13)
\$11,766,016; (GR Portion – \$8,145,704) (FY2017)
- Sale of billboard advertising. Ark. Code Ann. § 26-52-401(13)
\$6,152,487; (GR Portion – \$4,259,414) (FY2017)
- Sale of any publication (other than newspapers) through regular subscription. Ark. Code Ann. § 26-52-401(14)
\$2,220,710; (GR Portion – \$1,556,266) (FY2017)

Exemptions for Low-Income Households

- The sale of the first 500 kilowatt hours of electricity per month to each residential customer whose household income does not exceed \$12,000.00 per year. Ark. Code Ann. § 26-52-416(a)
\$1,387,244; (GR Portion – \$960,400) (FY2017)
- Sales of new or used motor vehicles or trailers of less than \$4,000.00. Ark. Code Ann. § 26-52-510(b)(1)(B) and 26-53-126(b)(2)
\$32,612,569; (GR Portion – \$22,577,932) (FY2017)
- Sales of food and food ingredients to non-profit agencies organized under the Arkansas Nonprofit Corporation Act (4-28-201) for free distribution to the poor and needy. Ark. Code Ann. § 26-52-421
\$339,799; (GR Portion – \$235,246) (FY2011)

Medical Exemptions

- Sales and purchases of prescription drugs by licensed pharmacists, hospitals, or physicians and oxygen prescribed by a licensed physician for human use. Ark. Code Ann. § 26-52-406
\$208,896,183; (GR Portion – \$144,620,434) (FY2017)
- Sales of test strips for testing human blood sugar levels (Sales of insulin are included under the prescription drugs exemption). Ark. Code Ann. § 26-52-419
\$1,744,499; (GR Portion – \$1,207,730) (FY2011)
- Sales, rentals, or repair of durable medical equipment, mobility-enhancing equipment, prosthetic devices, and disposable medical supplies when the items are prescribed by a physician prior to purchase. Ark. Code Ann. § 26-52-433
\$10,689,353; (GR Portion – \$7,400,321) (FY2011)
- Sale of a dental appliance to or by a dentist, orthodontist, oral surgeon, maxillofacial surgeon, or endodontist. Ark. Code Ann. § 26-52-448
\$2,491,667; (GR Portion – \$1,725,000) (FY2017)

Agricultural Exemptions

- Sales of raw products, including Christmas trees, from the farm, orchard, or garden where the sale is made directly by the producer to the consumer, including sales by the producer to the consumer at farmers' markets. Ark. Code Ann. § 26-52-401(18)(A)(iii) and (B)(ii)
\$485,752; (GR Portion – \$336,290) (FY2017)
- Sale of baby chickens in Arkansas. Ark. Code Ann. § 26-52-401(18)(A)(v)
\$20,414,672; (GR Portion – \$14,133,235) (FY2011)
- Sales of livestock, poultry, poultry products, and dairy products of producers who own not more than five (5) cows. Ark. Code Ann. § 26-52-401(18)(A)(iv)
\$109,208; (GR Portion – \$75,605) (FY2011)
- Sales of twine used in the production of tomatoes. Ark. Code Ann. § 26-52-408(2)
\$2,641; (GR Portion – \$1,829) (FY2011)

Agricultural Exemptions: Continued

- Sales of bagging, packaging, and tie materials sold to and used by cotton gins in Arkansas for packaging and tying baled cotton in Arkansas. Ark. Code Ann. § 26-52-408(1)
\$248,157; (GR Portion – \$171,801) (FY2017)
- Expendable supplies for farm machinery that are used for baling, packaging, tying, wrapping, or sealing animal feed products. Ark. Code Ann. § 26-52-408(3)
\$1,264,800; (GR Portion – \$875,631) (FY2017)
- Sales of cotton, seed cotton, lint cotton or baled cotton whether compressed or not. Ark. Code Ann. § 26-52-401(18)(A)(i)
\$16,092,018; (GR Portion – \$11,140,628) (FY2017)
- Sales of seed to be used in the commercial production of any agricultural product or agricultural seed. Ark. Code Ann. § 26-52-401(18)(A)(ii)
\$31,616,000; (GR Portion – \$21,888,000) (FY2017)

Agricultural Exemptions: Continued

- Sales of agricultural fertilizer, agricultural limestone, and agricultural chemicals, pesticides, herbicides used in the commercial production of agricultural products, and vaccines, medications, and medicinal preparations used in treating livestock and poultry for commercial production. Ark. Code Ann. § 26-52-405
\$62,400,000; (GR Portion – \$43,200,000) (FY2017)
- Sales of feedstuffs used in the commercial production of livestock or poultry. Ark. Code Ann. § 26-52-404(a)
\$148,730,531; (GR Portion – \$102,967,291) (FY2017)
- Sales of machinery and equipment used exclusively and directly in farming for commercial purposes, including machinery and equipment used for production of sod and nursery products. Ark. Code Ann. § 26-52-403
\$29,900,000; (GR Portion – \$20,700,000) (FY2017)

Agricultural Exemptions: Continued

- Irrigation pipe carrying water from the well to the crop is exempt as farm equipment. Ark. Code Ann. § 26-52-403(a)(1)(B)(i)
\$470,133; (GR Portion – \$325,477) (FY2017)
- Sales of livestock reproduction equipment or substances. Ark. Code Ann. §26-52-439
\$30,091; (GR Portion – \$20,832) (FY2011)
- Agricultural water purchases that reduce groundwater use. Ark. Code Ann. § 26-52-405(4)
\$0

Industrial Machinery or Equipment Exemptions

- Sale of machinery and equipment used directly in manufacturing or processing. Ark. Code Ann. § 26-52-402
\$106,531,945; (GR Portion – \$73,752,885) (FY2017)
- Sale of pollution control machinery and equipment required by state or federal law and utilized by manufacturing or processing plants or facilities or cities or towns in Arkansas to prevent or reduce air or water pollution. Ark. Code Ann. § 26-52-402(a)(3) and 26-53-114(a)(3)
\$16,759,824; (GR Portion – \$11,602,955) (FY2011)
- The first \$50,000 of the purchase price of timber harvesting equipment is exempt if the purchaser's primary activity is harvesting timber and if the equipment is used exclusively for harvesting timber. Ark. Code Ann. 26-52-431
\$1,280,622; (GR Portion – \$886,585) (FY2017)

Industrial Machinery or Equipment: Continued

- Sales of fuel packaging materials and machinery and equipment (including analytical equipment and chemicals) used in the business of processing hazardous and non-hazardous waste into fuel products. Ark. Code Ann. § 26-52-401(36)
\$47,351; (GR Portion – \$32,782) (FY2011)
- Chemicals, catalysts, and reagents consumed in manufacturing. Ark. Code Ann. § 26-52-401(35)
\$22,858,333; (GR Portion – \$15,825,000) (FY2011)
- Reduced rate on machinery and equipment purchased to modify, replace, or repair existing machinery or equipment used directly in manufacturing and service relating to the initial installation, replacement, or repair of such machinery or equipment (rate was 5.5% in FY2017 and scheduled to be gradually reduced to 0.625% by use of refund). Ark. Code Ann. §§ 26-52-447 and 26-53-149
\$4,335,058; (GR Portion – \$3,319,611) (FY2017)
*Full exemption scheduled to be phased in by July 1, 2022.

Energy Exemptions

- Sale of electricity used in the manufacture of aluminum metal by the electrolytic reduction process. Ark. Code Ann. § 26-52-401(24)
\$0 (FY2017)
- Sales of natural gas used in the process of manufacturing glass. Ark. Code Ann. § 26-52-423
\$147,970; (GR Portion – \$102,440) (FY2017)
*Due to broader exemption, only gain of \$14,000 if eliminated; no general revenue.
- Sales of natural gas and electricity to qualified manufacturers of steel. Ark. Code Ann. § 26-52-903
\$7,130,878; (GR Portion – \$4,936,762) (FY2011)
- Sales of railroad ties, solid waste (except for wood byproducts and chips), used motor oil and other petroleum based waste, and waste fuel if used as fuel in manufacturing operations. Ark. Code Ann. § 26-52-425
\$1,517,036; (GR Portion – \$1,050,256) (FY2017)

Energy Exemptions: Continued

- Sale of gas produced from “biomass” and sold for the purpose of generating energy, which is then sold back to the gas producer. Ark. Code Ann. § 26-52-429(a)
\$44,939; (GR Portion – \$31,112) (FY2011)
- Sales of natural gas and electricity used in wall and floor tile manufacturing if construction began before 1/1/2003. Ark. Code Ann. § 26-52-435
\$0 (FY2017)
- Sale of electricity used for production of chlorine and other chemicals using a chlor-alkali manufacturing process. Ark. Code Ann. § 26-52-438
\$0 (FY2011)
- Partial sales tax exemption (0.625% rate in FY2017) on manufacturers’ use of natural gas and electricity used directly in the manufacturing process. Ark. Code Ann. § 26-52-319
\$57,800,000; (GR Portion – \$44,300,000) (FY2017)

Energy Exemptions: Continued

- Partial sales tax exemption (1.625% rate in FY2017) on the use of natural gas and electricity by electric power generator facilities that use combined-cycle gas turbine technology. Ark. Code Ann. § 26-52-319
\$17,100,000; (GR Portion – \$13,100,000) (FY2017)
- Sales of natural gas and electricity used in the manufacture of new motor vehicle tires. Ark. Code Ann. § 26-52-441
\$618,459; (GR Portion – \$428,164) (FY2017)
*Due to broader exemption, only gain of \$59,000 if eliminated; no general revenue.
- Sales of electricity, natural gas and liquefied petroleum gas used by a qualifying agricultural structure used for a commercial purpose, and qualifying aquaculture and horticulture equipment operated for a commercial purpose. Ark. Code Ann. § 26-52-450
\$11,140,780; (GR Portion – \$7,712,848) (FY2017)
- Sales of electricity, natural gas, and liquefied petroleum gas used by a grain drying and storage. Ark. Code Ann. § 26-52-446
\$4,226,540; (GR Portion – \$2,926,066) (FY2017)

Exemptions for Local Governments other than School Districts

- Sales by municipalities or counties of tickets or admissions to places of amusement or athletic, entertainment, or recreational events. Ark. Code Ann. § 26-52-411
\$162,908; (GR Portion – \$112,783) (FY2011)
- Sales to Public Housing Authorities. Ark. Code Ann. § 14-169-235
\$4,731,377; (GR Portion – \$3,275,568) (FY2017)
- Sales to Regional Water Distributions Districts. Ark. Code Ann. § 14-116-405
\$3,226,138; (GR Portion – \$2,233,480) (FY2017)
- Sales to Regional Airport Authority organized under Ark. Code Ann. 14-362-101. Ark. Code Ann. § 14-362-121
\$1,403,597; (GR Portion – \$971,721) (FY2017)

Local Governments other than School Districts: Continued

- Fire protection equipment and emergency equipment (including motor vehicles used for this purpose) to be owned by and exclusively used by volunteer fire departments. Ark. Code Ann. § 26-52-434(a)
\$301,788; (GR Portion – \$208,930) (FY2017)
- Construction supplies and materials used in construction and maintenance of volunteer fire departments. Ark. Code Ann. § 26-52-434(b)
\$441,954; (GR Portion – \$305,968) (FY2017)
- County purchases of law enforcement aircraft thermal imaging equipment. Ark. Code Ann. § 26-52-442
\$10,725; (GR Portion – \$7,425) (FY2011)

Non-Profit, Religious, or Charitable Organizations

- Sales to Boys' and Girls' Clubs of America and any local Councils. Ark. Code Ann. § 26-52-401(8)
\$59,394; (GR Portion – \$41,119) (FY2011)
- Sales to The Poets Roundtable of Arkansas. Ark. Code Ann. § 26-52-401(9)
\$120; (GR Portion – \$83) (FY2011)
- Sales to Boy Scouts of America and Girl Scouts of America and any Scout Councils located in Arkansas. Ark. Code Ann. § 26-52-401(7)
\$106,981; (GR Portion – \$74,064) (FY2011)
- Sales to 4-H Clubs and FFA Clubs located in Arkansas, the Arkansas 4-H Foundation, the Arkansas Future Farmers of America Foundation, and the Arkansas Future Farmers of America Association. Ark. Code Ann. § 26-52-401(10)
\$71,645; (GR Portion – \$49,600) (FY2011)

Non-Profits, etc.: Continued

- Sales to Orphans' homes and Children's homes in Arkansas, not operated for profit, and operated by church, religious or other charitable organizations. Ark. Code Ann. § 26-52-413
\$44,892; (GR Portion – \$31,079) (FY2011)
- Sales to Humane Societies not operated for profit and organized for the prevention of cruelty to animals. Ark. Code Ann. § 26-52-414
\$83,354; (GR Portion – \$57,707) (FY2011)
- Sales of food to governmental agencies for free distribution to any public, penal, or eleemosynary institution or for free distribution to the poor and needy. Ark. Code Ann. § 26-52-401(19)
\$75,401; (GR Portion – \$52,201) (FY2011)
- Sales by churches and charitable organizations not engaged in business for profit. Ark. Code Ann. § 26-52-401(1) & § 26-52-401(2)
\$559,881; (GR Portion – \$387,610) (FY2011)

Non-Profits, etc.: Continued

- Sales to any hospital, sanitarium, or not-for-profit nursing homes operated for charitable and non-profit purposes. Ark. Code Ann. § 26-52-401(21)
\$98,873,335; (GR Portion – \$68,450,770) (FY2017)
- Sales to non-profit organizations whose sole purpose is to provide temporary housing to the family of patients in a hospital or sanitarium. Ark. Code Ann. § 26-52-401(21)
\$2,344; (GR Portion – \$1,623) (FY2011)
- Sales of new motor vehicles to a veteran of the U.S. Armed Services who is blind as a result of a service-connected injury. Ark. Code Ann. § 26-52-415(a)
\$6,475; (GR Portion – \$4,483) (FY2011)
- Sales to Fort Smith Clearing House. Ark. Code Ann. § 26-52-424
\$8,480; (GR Portion – \$5,871) (FY2011)

Non-Profits, etc.: Continued

- Sales to federally chartered credit unions. Ark. Code Ann. § 23-35-103
\$987,549; (GR Portion – \$683,688) (FY2017)
- Sales of articles sold on the premises of the Arkansas Veterans' Home. Ark. Code Ann. § 26-52-401(25)
\$1,671; (GR Portion – \$1,157) (FY2011)
- Sales to Habitat for Humanity. Ark. Code Ann. § 26-52-401(31)
\$94,439; (GR Portion – \$65,381) (FY2017)
- Sales to the Salvation Army. Ark. Code Ann. § 26-52-401(33)
\$104,556; (GR Portion – \$72,385) (FY2017)

Non-Profits, etc.: Continued

- Sales to Heifer Project International, Inc. Ark. Code Ann. § 26-52-401(34)
\$281,075; (GR Portion – \$194,590) (FY2017)
- Sales by gift shops operated by charitable organizations at for-profit hospitals. Ark. Code Ann. § 26-52-430(c)(2)
\$3,278; (GR Portion – \$2,269) (FY2011)
- Sales to the Arkansas Symphony Orchestra Society. Ark. Code Ann. § 26-52-401(37)
\$6,843; (GR Portion – \$4,737) (FY2011)
- Sales to Arkansas Search Dog Association, Inc. Ark. Code Ann. § 26-52-443
\$1,000; (GR Portion – \$692) (FY2011)

Non-Profits, etc.: Continued

- Hospital and Medical Service Corporations. Ark. Code Ann. § 23-75-120
\$200,000; (GR Portion – \$138,462) (FY2011)
- Arkansas National Guard – sales by canteen. Ark. Code Ann. § 12-63-406
\$320,563; (GR Portion – \$221,928) (FY2017)
- Sale of tangible personal property or a service to a qualified nonprofit blood donation organization described in 26 U.S.C. 501(c)(3), as it existed on January 1, 2013. Ark. Code Ann. § 26-52-449
\$120,000; (GR Portion – \$83,077) (FY2017)

Aviation or Aerospace

- Sales of new or used aircraft of less than \$2,000. Ark. Code Ann. § 26-52-505(b)
\$905; (GR Portion – \$626) (FY2011)
- Aircraft held for resale that is used in a charter service for a period of 24 months from the date of purchase. Ark. Code Ann. § 26-52-409
\$2,661,974; (GR Portion – \$1,842,905) (FY2011)

School Districts and other Educational Institutions

Note: Arkansas taxes sales to itself and to local governments.

- Sales of school buses to school districts in Arkansas or to other purchasers if they exclusively use buses to provide school bus service under contract with an Arkansas school district. Ark. Code Ann. § 26-52-410(b) and (c)
\$670,237; (GR Portion – \$464,010) (FY2017)
- Sales of motor vehicles to municipalities, counties, state-supported colleges, state supported universities, or public school districts in Arkansas, including motor vehicles purchased by technical or community colleges and used exclusively for training purposes. Ark. Code Ann. §§ 26-52-410(a) and 6-51-101(a)(1)
\$2,736,711; (GR Portion – \$1,894,646) (FY2017)
- Sales of food in public, common, high school or college cafeterias and lunchrooms. Ark. Code Ann. § 26-52-401(3)
\$5,436,831; (GR Portion – \$3,763,960) (FY2017)

School Districts, etc.: Continued

- Sales of textbooks and other instructional materials (including sheet music, electronic software, maps, globes, charts, DVDs, etc.) purchased by an Arkansas school district or Arkansas public school that receives state funding, or purchased by the State of Arkansas for free distribution to Arkansas school districts or Arkansas public schools. Ark. Code Ann. § 26-52-437
\$3,624,427; (GR Portion – \$2,509,218) (FY2017)
- Sales of tickets for admissions to athletic events and interscholastic activities at public and private elementary and secondary schools in Arkansas. Ark. Code Ann. § 26-52-412(a)
\$1,075,477; (GR Portion – \$744,561) (FY2017)
- Sales of tickets for admission to athletic events at public or private universities and colleges in Arkansas. Ark. Code Ann. § 26-52-412(b)
\$2,722,062; (GR Portion – \$1,884,505) (FY2017)
- Sales tax exemption for parking space charges or fees by state institutions. Ark. Code Ann. §25-17-307(a)(2)(B)
\$146,667; (GR Portion – \$101,539) (FY2011)

Other Exemptions

- Sales of automobile parts which constitute "core charges" which are received for the purpose of securing a trade-in for the article purchased. Ark. Code Ann. § 26-52-401(26)
\$59,283; (GR Portion – \$41,042) (FY2011)
- Services provided by coin-operated car washes where the labor is performed solely by the customer or mechanical equipment. Ark. Code Ann. § 26-52-301(3)(B)(ii)
\$145,618; (GR Portion – \$100,813) (FY2011)
- Admission fees at state, district, county or township fairs. Admission fees to rodeos. Ark. Code Ann. § 26-52-401(15)
\$311,316; (GR Portion – \$215,527) (FY2011)
- Repair or remanufacture of industrial metal rollers. Ark. Code Ann. § 26-52-301(3)(B)(v)
\$7,015; (GR Portion – \$4,856) (FY2011)

Other Exemptions: Continued

- Isolated sales not made by an established business or in an established manner. This exemption does not apply to the sale of motor vehicles, trailers, semi-trailers, mobile homes, or airplanes. Ark. Code Ann. § 26-52-401(17)
\$457,428; (GR Portion – \$316,681) (FY2011)
- Sales of used property if item was taken in trade and tax was collected on the full purchase price of the new item. Ark. Code Ann. § 26-52-401(22)
\$7,454,296; (GR Portion – \$5,160,667) (FY2011)
- Construction materials and furnishings for use in the initial construction and equipping of a child care facility operated by a business for the primary purpose of providing child care services to their employees. Ark. Code Ann. § 26-52-516
\$94,469; (GR Portion – \$65,402) (FY2011)
- Sales of motor vehicles to persons engaged in the business of renting licensed motor vehicles. Ark. Code Ann. § 26-63-302 and 26-63-304
\$20,327,967; (GR Portion – \$14,073,208) (FY2017)

Other Exemptions: Continued

- Fees charged for the transfer of fill material by a business engaged in transporting or delivering fill material, provided such fill material was obtained free of charge by a business engaged in transporting or delivering fill material and the charge to the customer or user is only for delivery. Ark. Code Ann. § 26-52-401(30)
\$355,586; (GR Portion – \$246,175) (FY2011)
- Sales of new manufactured homes and modular homes are taxed on 62% of the gross sales price. Sales of used manufactured and modular homes are exempt. Ark. Code Ann. § 26-52-802
\$3,050,790; (GR Portion – \$2,112,085) (FY2017)
- Any interstate or international private communications service and any interstate or international 800 service or 900 service. Ark. Code Ann. § 26-52-315
(Cost Unknown)
- Sales of new aircraft manufactured or substantially completed in Arkansas to a purchaser for use exclusively outside Arkansas. Ark. Code Ann. § 26-52-505(c)
\$24,873,824; (GR Portion – \$17,220,340) (FY2011)

Other Exemptions: Continued

- Repair or maintenance services of railroad parts, cars, and equipment brought into Arkansas for repair or maintenance, solely and exclusively and then returned to a point outside Arkansas. Ark. Code Ann. § 26-52-301(3)(B)(iii)
\$6,065,957; (GR Portion – \$4,199,509) (FY2011)
- Sale of vessels, barges, and towboats of at least fifty (50) tons load displacement and the parts and labor used in their repair and construction. Ark. Code Ann. § 26-52-407
\$311,608; (GR Portion – \$215,729) (FY2011)
- Sales tax exemption for gross receipts in excess of \$9,150 of the selling price of a truck tractor (Class Five – Class Eight trucks). Sales of semi-trailers and sales of Class 6 and 7 trucks registered with the International Registration Plan are fully exempt. Ark. Code Ann. §26-52-436
\$26,687,630; (GR Portion – \$18,476,052) (FY2017)

Other Exemptions: Continued

- Sales tax exemption for purchases by a “Qualified Museum” for construction, repair, expansion, or operation. A “Qualified Museum” must have a collection with a value greater than \$100,000,000 in an Arkansas facility prior to January 1, 2013. The aggregate costs of construction and acquisition must exceed \$30 million. Ark. Code Ann. § 26-52-440
\$1,860,170; (GR Portion – \$1,287,810) (FY2017)
- Partial sales tax exemption (1.5% rate in FY2017) on food and food ingredients. Ark. Code Ann. § 26-52-317
\$248,943,170; (GR Portion – \$190,676,068) (FY2017)
*Value of exemption at 6% and not 6.5%; highway sales tax is not levied on food; rate scheduled to decrease to 0.125% January 2019
- Arkansas Entertainers Hall of Fame Board. Ark. Code Ann. § 13-9-104
\$3,507; (GR Portion – \$2,428) (FY2011)

Other Exemptions: Continued

- Sale of back-to-school supplies, clothing and clothing accessories on the first weekend (Saturday and Sunday) in August. Ark. Code Ann. § 26-52-444
\$2,650,000; (GR Portion – \$1,834,615) (FY2017)
- Sales to Arkansas Black Hall of Fame Foundation. Ark. Code Ann. § 26-52-401(39)
\$3,700; (GR Portion – \$2,562) (FY2017)
- Purchases of kegs by a wholesale manufacturer of beer that are used to sell beer wholesale. Ark. Code Ann. § 26-52-445
\$1,500; (GR Portion – \$1,038) (FY2017)
- Collection and disposal of saltwater, drilling fluids, hydraulic fracturing fluids, produced water, pit water, pit mud, and similar materials produced from oil, gas, or other natural resource exploration and development activities. Ark. Code Ann. § 26-52-316(b)(2)(B)
\$450,000; (GR Portion – \$311,538) (FY2017)

Other Exemptions: Continued

- Sand and other proppants used to complete a new oil or gas well or to recomplete, redrill, or expand an existing oil or gas well. Ark. Code Ann. § 26-52-402(c)(2)(B)(vi)
\$221,739; (GR Portion – \$166,304) (FY2017)

Conclusion
