

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999  
4

As Engrossed: H3/2/99

# A Bill

Act 1062 of 1999  
HOUSE BILL 1573

5 By: Representative Madison  
6 By: Senator Brown  
7

## For An Act To Be Entitled

10 "AN ACT TO PROVIDE THAT THE SALE OF NEW TANGIBLE  
11 PERSONAL PROPERTY BY CHARITABLE ORGANIZATIONS SHALL BE  
12 SUBJECT TO GROSS RECEIPTS TAX WHEN THE SALE DIRECTLY  
13 COMPETES WITH FOR-PROFIT BUSINESSES; AND FOR OTHER  
14 PURPOSES. "

### Subtitle

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17 "TO PROVIDE THAT THE SALE OF NEW TANGIBLE  
18 PERSONAL PROPERTY BY CHARITABLE  
19 ORGANIZATIONS SHALL BE SUBJECT TO GROSS  
20 RECEIPTS TAX WHEN THE SALE DIRECTLY  
21 COMPETES WITH FOR-PROFIT BUSINESSES. "  
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23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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26 SECTION 1. Title 26, Chapter 52, Subchapter 4 of the Arkansas Code is  
27 amended by adding the following new section to the end thereof to be  
28 appropriately numbered by the Arkansas Code Revision Commission:

29 "(a) The exemptions set forth in this subchapter for charitable  
30 organizations shall not extend to sales of new tangible personal property by  
31 the organization if the sale competes with sales by for-profit businesses.

32 (b) A sale by a charitable organization does not compete with a sale by  
33 a for-profit businesses if:

34 (1) the sales transaction is conducted by members of the  
35 charitable organization and not by any franchisee or licensee; and

36 (2) all the proceeds derived from the transaction go to the

1 charitable organization; and

2 (3) the transaction is not a continuing one, and is held not more  
3 than three (3) times a year; and

4 (4) the dominant motive of the majority of purchasers of the  
5 items sold must be the making of a charitable contribution, with the purchase  
6 of the item being merely incidental and secondary to the dominant purpose of  
7 making a gift to the charity.

8 (c) The provisions of this section shall not apply to sales made by a  
9 nonprofit hospital, a cafeteria at a nonprofit hospital, or a gift shop at a  
10 nonprofit hospital, whether operated by the hospital, a hospital auxiliary, or  
11 other nonprofit organization."

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13 SECTION 2. All provisions of this act of a general and permanent nature  
14 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
15 Revision Commission shall incorporate the same in the Code.

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17 SECTION 3. If any provision of this act or the application thereof to  
18 any person or circumstance is held invalid, such invalidity shall not affect  
19 other provisions or applications of the act which can be given effect without  
20 the invalid provision or application, and to this end the provisions of this  
21 act are declared to be severable.

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23 SECTION 4. All laws and parts of laws in conflict with this act are  
24 hereby repealed.

25 */s/ Madison, et al*

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28 APPROVED: BECAME LAW ON 4/1/1999, WITHOUT THE GOVERNOR'S SIGNATURE.  
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