

HOUSE AMENDMENT 1 TO HB1160.

by inserting "(A)" on line 24 on page 2 between "(3)" and "Gross"

and

by deleting the quotation mark (") at the end of line 29 on page 2

and

by inserting beginning on line 30 on page 2 the following:

"(B) Machinery and equipment which is directly or indirectly utilized by cities or towns in this state to prevent or reduce air or water pollution or contamination which might otherwise result from the operation of the plants or facilities operated by the cities or towns."

and

by inserting a new SECTION 2 immediately following SECTION 1 to read as follows:

"SECTION 2. Arkansas Code 26-53-114(a), pertaining to exemptions from use tax for certain machinery and equipment, is amended to read as follows:

_(a) There is specifically exempted from the taxes levied in this subchapter:

(1) (A) Machinery and equipment used directly in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging of articles of commerce at manufacturing or processing plants or facilities in the State of Arkansas, including facilities and plants for manufacturing feed, processing of poultry and eggs and livestock and the hatching of poultry, but only to the extent that the machinery and equipment is purchased and used for the purposes set forth in this subdivision.

(B) Such machinery and equipment will be exempt under this section if it is purchased and used to create new manufacturing or processing plants or facilities within this state or to expand existing manufacturing or processing plants or facilities within this state;

(2) (A) Machinery purchased to replace existing machinery in its entirety and used directly in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging of articles of commerce at manufacturing or processing plants or facilities in this state will be exempt under this section.

(B) (i) "Machinery purchased to replace existing machinery" means that substantially all of the machinery and equipment required to perform an essential function is physically replaced with new machinery that performs the essential function more efficiently or with a longer useful life than the old machinery being replaced.

(ii) The term "substantially" is intended to exclude routine repairs and maintenance and partial replacements that do not improve efficiency or extend the useful life of the entire machine, but it is not intended to mean that foundations and minor components which can be economically adapted, rebuilt, or refurbished must be completely replaced when replacement would be more expensive or impracticable than adapting, rebuilding, or refurbishing the old foundation and minor components;

(3) Machinery and equipment ~~required by state or federal law or regulations to be installed and~~ which is directly or indirectly utilized by manufacturing or processing plants or facilities or cities or towns in this state to prevent or reduce air or water pollution or contamination which might otherwise result from the operation of the plants or facility or city or town._"

and

by appropriately renumbering subsequent sections of the bill.