

## Legislative Impact Statement

**Bill Subtitle: TO PROVIDE A SALES AND USE TAX EXEMPTION FOR WORKING HORSES AND FENCING USED IN A COMMERCIAL AGRICULTURAL PRODUCTION.**

**\$ - 269,000**

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB215**

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**FY2025**

**Total Approximate State Sales and Use Tax Loss** **\$ - 1,211,000**

General Revenue - 4.5%	\$ - 729,077
Property Tax Relief - .5%	\$ - 90,266
Conservation Fund - .125%	\$ - 22,567
Educational Adequacy Fund - .875%	\$ - 157,966
Highway Fund - .5%	\$ - 93,154
Educational Excellence Trust Fund -	\$ - 76,550
Educational Adequacy (GR Transfer) -	\$ - 6,767
State Central Services -	\$ - 23,475
Constitutional Officers -	\$ - 11,178

**Total Approximate Local City and County Sales and Use Tax Loss** **\$ - 403,667**

**Taxpayer Impact :**

A taxpayer purchasing a working horse or fencing used to contain or separate livestock used in or maintained as part of a commercial agricultural operation would no longer be responsible for paying sales and use tax.

**Resources Required :**

None.

**Time Required :**

Adequate time is provided for implementation.

**Procedural Changes :**

Updates to the Sales and Use Tax Rules will be promulgated and Department of Finance and Administration staff would be trained on this update to Arkansas tax law.

**Other Comments :**

None.

**Legal Analysis :**

SB215 may benefit from an amendment to provide guidance on what constitutes a "primary" use in commercial agricultural production. The sales and use tax exemption for farm machinery and equipment uses the standard of "exclusively and directly."