

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.

INTERIM STUDY PROPOSAL 2009-054

State of Arkansas
87th General Assembly
Regular Session, 2009

A Bill

HOUSE BILL 1802

By: Representative M. Burris

Filed with: House Interim Committee on Revenue and Taxation
pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

AN ACT TO PROVIDE THAT THE SALES OF MACHINERY OR
EQUIPMENT AND RELATED ATTACHMENTS USED FOR THE
HARVESTING OF TIMBER SHALL BE EXEMPT FROM THE
ARKANSAS GROSS RECEIPTS TAX AND THE ARKANSAS
COMPENSATING USE TAX; AND FOR OTHER PURPOSES.

Subtitle

TO PROVIDE THAT THE SALES OF MACHINERY
OR EQUIPMENT AND RELATED ATTACHMENTS
USED FOR THE HARVESTING OF TIMBER SHALL
BE EXEMPT FROM THE SALES AND USE TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Section 26-52-431 is amended to read as follows:

26-52-431. Timber harvesting equipment.

(a) The ~~first fifty thousand dollars (\$50,000) of the purchase price from the sale of~~ new or used machinery, ~~or~~ equipment, ~~and or~~ related attachments that are sold to or used by a person engaged primarily in the harvesting of timber ~~shall be~~ are exempt from the taxes levied by this chapter and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

(b) The machinery, equipment, ~~and or~~ related attachments are not exempt under this section unless they are:



1 (1) Purchased by a person whose primary activity is the
2 harvesting of timber; and

3 (2) Used exclusively in the off-road activity of harvesting of
4 timber.

5 (c) The exemption provided in this section shall not apply to a
6 purchase of a repair or replacement part for the machinery, equipment, or
7 related attachment.

8 (d) As used in this section:

9 (1) ~~“Equipment used in the harvesting~~ Harvesting of timber”
10 means the use of ~~all~~ off-road equipment and related attachments that are used
11 in every forestry procedure starting with the severing of a tree from the
12 ground through the point at which the tree or its parts in any form have been
13 loaded in the field in or on a truck or other vehicle for transport to the
14 place of use;

15 (2) ~~“Machinery or equipment” means~~ “Equipment” and “machinery”
16 mean only complete systems or units that operate exclusively and directly in
17 the harvesting of timber;

18 (3) “Off-road equipment” means ~~and includes~~ skidders, feller
19 bunchers, delimiters of all types, chippers of all types, loaders of all
20 types, and bulldozers equipped with grapples used as skidders; and

21 (4) “Primary activity” means the principal business activity in
22 which a person is engaged and to which more than fifty percent (50%) of all
23 the resources of his or her business activities are committed.

24 ~~(e)(1) The exemption provided by this section may be administered as a~~
25 ~~rebate.~~

26 ~~(2) The Director of the Department of Finance and Administration~~
27 ~~is authorized to promulgate rules to administer this exemption in the form of~~
28 ~~a rebate.~~

29
30 SECTION 2. Effective Date. Section 1 of this act is effective on the
31 first day of the calendar quarter following the effective date of this act.
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