

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 2009-109

State of Arkansas

As Engrossed: H3/31/09

87th General Assembly

A Bill

Regular Session, 2009

HOUSE BILL 2165

By: Representative L. Cowling

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 EXEMPT THE PARTS AND LABOR FOR
AGRICULTURAL EQUIPMENT FROM LOCAL SALES AND USE
TAXES; AND FOR OTHER PURPOSES.

Subtitle

TO EXEMPT THE PARTS AND LABOR FOR
AGRICULTURAL EQUIPMENT FROM LOCAL SALES
AND USE TAXES.

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

SECTION 1. Arkansas Code § 26-52-523(a), and (b), concerning a credit or rebate on local sales and use tax, is amended to read as follows:

(a) As used in this section:

(1) "Agricultural" means the production of food, fiber, grass sod, nursery products, livestock, or poultry as a business;

~~(1)~~(2) "Qualifying purchase" means a purchase of tangible personal property or a taxable service:

(A) For which the purchaser may take a business expense deduction pursuant to 26 U.S.C. § 162, as in effect on January 1, 2007;

(B) For which the purchaser may take a depreciation deduction pursuant to 26 U.S.C. § 167, as in effect on January 1, 2007;

(C) By an exempt organization under 26 U.S.C. § 501, as in effect on January 1, 2007, if the purchase would be subject to a business



1 expense deduction or depreciation deduction if the purchaser were not an
2 exempt organization under 26 U.S.C. § 501, as in effect on January 1, 2007;
3 or

4 (D) By a state, or any county, city, municipality, school
5 district, state-supported college or university, or any other political
6 subdivision of a state, if the purchase would be subject to a business
7 expense deduction or depreciation deduction if the purchaser were not one (1)
8 of the entities enumerated in this subdivision ~~(a)(1)(D)~~ (a)(2)(D); and

9 ~~(2)(3)~~ "Single transaction" means any sale of tangible personal
10 property or a taxable service reflected on a single invoice, receipt, or
11 statement for which an aggregate sales or use tax amount has been reported
12 and remitted to the state for a single local taxing jurisdiction.

13 (b)(1) A purchaser that pays any municipal sales or use tax in excess
14 of the tax due on the first two thousand five hundred dollars (\$2,500) of
15 gross receipts or gross proceeds ~~from a qualifying purchase of tangible~~
16 ~~personal property or a taxable service in a single transaction~~ is entitled to
17 a credit or rebate of the excess amount of municipal sales or use tax paid on
18 each single transaction, for the following:

19 (A) The sale of parts or labor for equipment used only for
20 agricultural purposes; and

21 (B) A qualifying purchase of tangible personal property or
22 a taxable service in a single transaction.

23 (2) A purchaser that pays any county sales or use tax in excess
24 of the tax due on the first two thousand five hundred dollars (\$2,500) of
25 gross receipts or gross proceeds ~~from a qualifying purchase of tangible~~
26 ~~personal property or a taxable service in a single transaction~~ is entitled to
27 a credit or rebate of the excess amount of county sales or use tax paid on
28 each single transaction, for the following:

29 (A) The sale of parts or labor for equipment used only for
30 agricultural purposes; and

31 (B) A qualifying purchase of tangible personal property or
32 a taxable service in a single transaction.

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

36 /s/ L. Cowling

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Filed Date: 04/07/2009 By: MMC\VJF