

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 2009-136

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: 04/09/2009 By: MMC\VJF