

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

SENATE BILL 6

4
5 By: Senator Altes
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For An Act To Be Entitled

8 AN ACT TO PROVIDE THAT REPAIR OR REPLACEMENT
9 PARTS FOR FARM MACHINERY AND EQUIPMENT ARE EXEMPT
10 FROM THE GROSS RECEIPTS TAX IF SOLD IN CERTAIN
11 BORDER CITIES; AND FOR OTHER PURPOSES.
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Subtitle

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15 TO EXEMPT REPAIR OR REPLACEMENT PARTS
16 FOR FARM MACHINERY AND EQUIPMENT FROM
17 THE GROSS RECEIPTS TAX IF SOLD IN
18 CERTAIN BORDER CITIES.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code § 26-52-403 is amended to read as follows:
24 26-52-403. Farm equipment and machinery.

25 (a) The sale of new and used farm equipment and machinery shall not be
26 subject to the Arkansas gross receipts tax levied by § 26-52-301(1), (2),
27 (3)(A), (3)(B), (3)(C)(i)-(3)(C)(iii), (4), and (5), but shall be exempt
28 therefrom.

29 (b)(1)(A) As used in this section, "farm equipment and machinery"
30 means implements used exclusively and directly in farming which for purposes
31 of this section is defined as the agricultural production of food or fiber as
32 a business or the agricultural production of grass sod or nursery products as
33 a business.

34 (B) Implements used to harvest crops produced in farming
35 by others shall be considered as used in farming.

36 (2) Irrigation pipe used to carry water from the irrigation well



1 to the crops produced in farming shall be considered "farm machinery or
2 equipment" regardless of whether the pipe is used above ground or is buried
3 underground.

4 (3) However, the term "farm equipment and machinery" shall not
5 include implements used in the production and severance of timber, motor
6 vehicles of a type subject to registration, airplanes, or hand tools.

7 (c)(1) Each purchaser of farm machinery must certify, in writing, on
8 the copy of the invoice or sales ticket to be retained by the seller that he
9 is engaged in farming and that the farm machinery will be used only in
10 farming.

11 (2) The seller shall certify to the Department of Finance and
12 Administration that the contract price of the items has been reduced to grant
13 the full benefit of the exemption.

14 (3) Violation of this subsection by the purchaser or seller
15 shall be a misdemeanor and, upon violation or conviction for a second
16 offense, the Director of the Department of Finance and Administration shall
17 revoke the seller's sales tax permit.

18 (d) Repair parts or replacement parts to repair farm machinery and
19 equipment are exempt from gross receipts tax if purchased from a seller
20 located in a city, incorporated town, or planned community that borders on a
21 state line where the state line is the center or main channel of a river,
22 except where the state line is the center or the main channel of the
23 Mississippi River.