

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015

# A Bill

SENATE BILL 332

4  
5 By: Senator Files

## For An Act To Be Entitled

8 AN ACT TO AMEND THE LAWS CONCERNING THE SALES AND USE  
9 TAX APPLICABLE TO THE PARTIAL REPLACEMENT AND REPAIR  
10 OF CERTAIN MACHINERY AND EQUIPMENT USED IN  
11 MANUFACTURING; TO REDUCE THE SALES AND USE TAX  
12 APPLICABLE TO THE PARTIAL REPLACEMENT AND REPAIR OF  
13 CERTAIN MACHINERY AND EQUIPMENT USED IN  
14 MANUFACTURING; TO DECLARE AN EMERGENCY; AND FOR OTHER  
15 PURPOSES.

## Subtitle

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18 TO REDUCE THE SALES AND USE TAX ON THE  
19 PARTIAL REPLACEMENT AND REPAIR OF CERTAIN  
20 MACHINERY AND EQUIPMENT USED IN  
21 MANUFACTURING; AND TO DECLARE AN  
22 EMERGENCY.  
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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28 SECTION 1. Arkansas Code § 26-52-447(b), concerning the sales tax on  
29 partial replacement and repair of certain machinery and equipment that is  
30 subject to refund, is amended to read as follows:

31 (b)(1) Beginning July 1, 2014, the taxes levied under §§ 26-52-301 and  
32 26-52-302 that are subject to a refund under this section are the taxes in  
33 excess of four and seven-eighths percent (4.875%).

34 (2) Beginning July 1, 2015, the taxes levied under §§ 26-52-301  
35 and 26-52-302 that are subject to a refund under this section are the taxes  
36 in excess of two and five-tenths percent (2.5%).



1           (3) Beginning July 1, 2016, all taxes levied under §§ 26-52-301  
2 and 26-52-302 are subject to a refund under this section.

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4           SECTION 2. Arkansas Code § 26-52-447(f), concerning the sales tax on  
5 partial replacement and repair of certain machinery and equipment that is  
6 subject to refund, is repealed.

7           ~~(f) To claim the benefit of the tax refund under this section, a~~  
8 ~~taxpayer shall hold a direct pay sales and use tax permit from the Department~~  
9 ~~of Finance and Administration and shall claim the tax refund under the direct~~  
10 ~~pay permit.~~

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12           SECTION 3. Arkansas Code § 26-53-149(b), concerning the use tax on  
13 partial replacement and repair of certain machinery and equipment that is  
14 subject to refund, is amended to read as follows:

15           (b)(1) Beginning July 1, 2014, the taxes levied under §§ 26-53-106 and  
16 26-53-107 that are subject to a refund under this section are the taxes in  
17 excess of four and seven-eighths percent (4.875%).

18           (2) Beginning July 1, 2015, the taxes levied under §§ 26-53-106  
19 and 26-53-107 that are subject to a refund under this section are the taxes  
20 in excess of two and five-tenths percent (2.5%).

21           (3) Beginning July 1, 2016, all taxes levied under §§ 26-53-106  
22 and 26-53-107 are subject to a refund under this section.

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24           SECTION 4. Arkansas Code § 26-53-149(f), concerning the use tax on  
25 partial replacement and repair of certain machinery and equipment that is  
26 subject to refund, is repealed.

27           ~~(f) To claim the benefit of the tax refund under this section, a~~  
28 ~~taxpayer shall hold a direct pay sales and use tax permit from the Department~~  
29 ~~of Finance and Administration and shall claim the tax refund under the direct~~  
30 ~~pay permit.~~

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32           SECTION 5. EMERGENCY CLAUSE. It is found and determined by the  
33 General Assembly of the State of Arkansas that most states exempt  
34 modifications, partial replacements, and repairs of manufacturing machinery  
35 and equipment from sales and use tax; that other states apply a reduced rate  
36 to modifications, partial replacements, and repairs; that Arkansas recognized

1 this discrepancy and reduced, but did not eliminate, the tax rate on most  
 2 modifications, partial replacements, and repairs in 2014; that Arkansas has  
 3 been classified as the worst of the twelve (12) states in the southeast  
 4 region on the taxation of industrial materials used in manufacturing; that  
 5 Alabama, Mississippi, North Carolina, and other states have phased in  
 6 exemptions for modifications, partial replacements, and repairs of  
 7 manufacturing machinery and equipment over time; and that this act is  
 8 immediately necessary because Arkansas is not competitive with surrounding  
 9 states and states in the southeast region in imposing taxes on many types of  
 10 manufacturing modifications, partial replacements, and repairs, which is  
 11 costing the state present and future jobs. Therefore, an emergency is  
 12 declared to exist, and this act being immediately necessary for the  
 13 preservation of the public peace, health, and safety shall become effective  
 14 on:

15 (1) The date of its approval by the Governor;

16 (2) If the bill is neither approved nor vetoed by the Governor,  
 17 the expiration of the period of time during which the Governor may veto the  
 18 bill; or

19 (3) If the bill is vetoed by the Governor and the veto is  
 20 overridden, the date the last house overrides the veto.

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