

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: S2/17/15
A Bill

SENATE BILL 332

5 By: Senator Files
6 *By: Representative Jett*
7

For An Act To Be Entitled

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

Subtitle

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19 TO REDUCE THE SALES AND USE TAX ON THE
20 PARTIAL REPLACEMENT AND REPAIR OF CERTAIN
21 MACHINERY AND EQUIPMENT USED IN
22 MANUFACTURING; AND TO DECLARE AN
23 EMERGENCY.
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27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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29 SECTION 1. Arkansas Code § 26-52-447(b), concerning the sales tax on
30 partial replacement and repair of certain machinery and equipment that is
31 subject to refund, is amended to read as follows:

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

35 (2) Beginning July 1, 2015, the taxes levied under §§ 26-52-301
36 and 26-52-302 that are subject to a refund under this section are the taxes



1 in excess of two and five-tenths percent (2.5%).

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

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7 subject to refund, is repealed.

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

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

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

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

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

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

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

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

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

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

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

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

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