

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023

A Bill

HOUSE BILL 1465

4
5 By: Representative Crawford
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING BENEFITS PROVIDED
9 TO DISABLED VETERANS; TO PROVIDE AN EXEMPTION FROM
10 STATE SALES TAX FOR DISABLED VETERANS, SPOUSES OF
11 DISABLED VETERANS, SURVIVING SPOUSES OF DISABLED
12 VETERANS, AND CERTAIN HOUSEHOLD MEMBERS OF DISABLED
13 VETERANS AND THE SURVIVING SPOUSES OF DISABLED
14 VETERANS; AND FOR OTHER PURPOSES.
15

Subtitle

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18 TO PROVIDE A STATE SALES TAX EXEMPTION
19 FOR DISABLED VETERANS.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is
25 amended to add an additional section to read as follows:

26 26-52-455. Disabled veterans.

27 (a) As used in this section, "disabled veteran" means a person who
28 qualifies for a property tax exemption under § 26-3-306.

29 (b)(1) The gross receipts and gross proceeds derived from the sale of
30 tangible personal property, specified digital products, a digital code, or
31 services to a disabled veteran are exempt from the gross receipts tax levied
32 by this chapter.

33 (2) The exemption provided in this section:

34 (A) Includes sales to:

35 (i) The spouse of a disabled veteran;

36 (ii) A member of the disabled veteran's household



1 who is authorized to make purchases on behalf of and for the benefit of the
2 disabled veteran in the disabled veteran's absence;

3 (iii) A surviving spouse of a disabled veteran if
4 the surviving spouse has not remarried; and

5 (iv) A member of a surviving spouse's household who
6 is authorized to make purchases on behalf of and for the benefit of the
7 surviving spouse in the surviving spouse's absence;

8 (B) Applies only to sales made at a physical location in
9 the state; and

10 (C) Does not apply to:

11 (i) A sales and use tax levied by a local
12 government; or

13 (ii) The compensating use tax levied by the Arkansas
14 Compensating Tax Act of 1949, § 26-53-101 et seq.

15 (c) To qualify for the exemption under this section and to receive an
16 exemption card from the Department of Finance and Administration:

17 (1) A disabled veteran shall submit to the Department of Finance
18 and Administration a letter from the United States Department of Veterans
19 Affairs certifying that he or she is a disabled veteran under § 26-3-306; and

20 (2) The surviving spouse of a deceased disabled veteran shall
21 submit a letter to the Department of Finance and Administration from the
22 United States Department of Veterans Affairs certifying that he or she is the
23 unremarried surviving spouse of a disabled veteran.

24 (d)(1) The maximum amount that may be claimed in a calendar year by a
25 taxpayer as an exemption under this section is:

26 (A) Twenty-five thousand dollars (\$25,000) per year for
27 the disabled veteran, the disabled veteran's spouse, or a household member
28 authorized to make purchases on behalf of the disabled veteran in the
29 disabled veteran's absence; and

30 (B) Two thousand five hundred dollars (\$2,500) per year
31 for the surviving spouse of a disabled veteran or a household member
32 authorized to make purchases on behalf of the surviving spouse in the
33 surviving spouse's absence.

34 (2) The Department of Finance and Administration may request a
35 person claiming an exemption under this section to provide a statement
36 executed under oath that the amount of the exemption claimed under this

1 section has not exceeded the limitation provided in subdivision (d)(1) of
2 this section.

3 (3) If a taxpayer claiming an exemption under this section
4 exceeds the limitation provided in subdivision (d)(1) of this section, the
5 amount claimed as exempt in excess of the limitation shall be treated as a
6 direct sales tax liability, and the Department of Finance and Administration
7 may recover the sales tax, including any applicable penalties and interest,
8 by the use of any method authorized by law.

9 (e) The Department of Finance and Administration shall issue an
10 exemption card to each eligible person who applies for an exemption card
11 under this section.

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13 SECTION 2. Arkansas Code § 26-73-113(a)(1)(A), concerning the
14 alternative local sales and use tax, is amended to read as follows:

15 (a)(1)(A) In lieu of using all or a portion of its authority to levy a
16 sales and use tax solely to pay bonded debt under § 14-164-327, the governing
17 body of any municipality or county may adopt an ordinance levying a tax in
18 the amount of one-fourth of one percent (0.25%), one-half of one percent
19 (0.5%), three-fourths of one percent (0.75%), or one percent (1%) upon all
20 taxable sales of property and services subject to the tax levied by the
21 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., upon the sales of
22 property and services exempt from the gross receipts tax under § 26-52-455,
23 and upon the privilege of storing, using, distributing, or consuming within
24 this state any tangible personal property which is subject to the Arkansas
25 Compensating Tax Act of 1949, § 26-53-101 et seq. The ordinance or ordinances
26 must specify that the tax is being levied under this law.

27
28 SECTION 3. Arkansas Code § 26-74-212(a), concerning the applicability
29 of the county sales tax levied for capital improvements, is amended to read
30 as follows:

31 (a) A county sales tax levied under this subchapter or in § 26-74-301
32 et seq. shall be applicable to sales of items and services sold by a
33 business, including items and services exempt from the Arkansas Gross
34 Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-455, and the tax
35 shall be administered under the Arkansas Gross Receipts Act of 1941, § 26-52-
36 101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et

1 seq.

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3 SECTION 4. Arkansas Code § 26-74-312(b), concerning the administration
4 and collection of the county sales and use tax for capital improvements, is
5 amended to read as follows:

6 (b) In addition to the state gross receipts tax, the secretary shall
7 collect an additional tax under the authority of this subchapter on the gross
8 receipts from the sale of all items and services that are subject to the
9 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas
10 Compensating Tax Act of 1949, § 26-53-101 et seq., and all items and services
11 exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq.,
12 under § 26-52-455.

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14 SECTION 5. Arkansas Code § 26-75-214(b), concerning the administration
15 and collection of the municipal sales and use tax for capital improvements,
16 is amended to read as follows:

17 (b) In addition to the state gross receipts tax and compensating tax,
18 the secretary shall collect an additional tax under the authority of this
19 subchapter on the receipts from the sale at retail or on the sale price or
20 lease or rental price on the storage, use, distribution, or other consumption
21 of all taxable items and services subject to the Arkansas Gross Receipts Act
22 of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949,
23 § 26-53-101 et seq., and all items and services exempt from the Arkansas
24 Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-455.

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26 SECTION 6. Arkansas Code § 26-75-405(a), concerning the items subject
27 to the temporary municipal sales and use tax for the acquisition,
28 construction, or improvement of parks, is amended to read as follows:

29 (a) When any city or town levies a sales and use tax pursuant to the
30 authority granted in this subchapter, the tax shall be levied upon the same
31 sales and the same items and services as are subject to taxation under the
32 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas
33 Compensating Tax Act of 1949, § 26-53-101 et seq., and upon the items and
34 services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et
35 seq., under § 26-52-455.

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1 SECTION 7. Arkansas Code § 26-75-502(a), concerning the authority to
2 levy a municipal gross receipts tax, is amended to read as follows:

3 (a) Any city of the first class or city of the second class having a
4 population of not more than forty thousand (40,000) persons according to the
5 most recent federal census and that has been or may in the future be
6 designated as a model city under the Demonstration Cities and Metropolitan
7 Development Act of 1966, 42 U.S.C. § 3301 et seq., by an ordinance passed by
8 its governing body, may levy a tax for the benefit of the city of not to
9 exceed one percent (1%) on gross proceeds or gross receipts derived from
10 sales, as such sales and gross proceeds or gross receipts are defined in the
11 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas
12 Compensating Tax Act of 1949, § 26-53-101 et seq., and on sales of property
13 and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101
14 et seq., under § 26-52-455.

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16 SECTION 8. Arkansas Code § 26-81-104(a)(1), concerning the amount of a
17 tax levied under the Multicounty Airport and Riverport Financing Act, is
18 amended to read as follows:

19 (a)(1) Any tax levied pursuant to the authority of this chapter shall
20 be a tax equal to one percent (1%) on the sales price on items of personal
21 property and services sold or to be used in the levying county to the extent
22 of and subject to the exemptions with respect to the gross receipts tax and
23 compensating use tax as set forth in the Arkansas Gross Receipts Act of 1941,
24 § 26-52-101 et seq. and the Arkansas Compensating Tax Act of 1949, § 26-53-
25 101 et seq., respectively, except that personal property and services exempt
26 from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under §
27 26-52-455 are subject to the tax levied under this section.

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29 SECTION 9. Arkansas Code § 26-82-102(9), concerning the definitions to
30 be used under the Local Sales and Use Tax Economic Development Project
31 Funding Act, is amended to read as follows:

32 (9) "Local sales and use tax" means a tax levied under this
33 chapter on the gross proceeds or gross receipts derived from sales within a
34 city or county of all items that are: ~~subject~~

35 (A) Subject to taxation under the Arkansas Gross Receipts
36 Act of 1941, § 26-52-101 et seq., or the Arkansas Compensating Tax Act of

1 1949, § 26-53-101 et seq.; and

2 (B) Exempt from the Arkansas Gross Receipts Act of 1941, §
3 26-52-101 et seq., under § 26-52-455;

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5 SECTION 10. DO NOT CODIFY. EFFECTIVE DATE. Sections 1-9 of this act
6 are effective on the first day of the calendar quarter following the
7 effective date of this act.