

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H4/7/25

A Bill

HOUSE BILL 1671

By: Representative L. Johnson

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE GROSS RECEIPTS
TAX; TO CREATE A GENERAL SALES AND USE TAX EXEMPTION
FOR SALES TO QUALIFIED NONPROFIT ORGANIZATIONS; AND
FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING THE GROSS
RECEIPTS TAX; AND TO CREATE A GENERAL
SALES AND USE TAX EXEMPTION FOR SALES TO
QUALIFIED NONPROFIT ORGANIZATIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is
amended to add an additional section to read as follows:

26-52-457. Sales to qualified nonprofit organization – Definition.

(a) As used in this section, "qualified nonprofit organization" means
an organization described in 26 U.S.C. § 501(c)(3), as it existed on January
1, 2025, that:

(1) Has an annual operating budget of less than two hundred
thousand dollars (\$200,000); and

(2) Performs charitable community-based services in the state to
benefit residents of the state that are in need of assistance.

(b) The gross receipts or gross proceeds derived from the sale of
tangible personal property, specified digital products, a digital code, or
services are exempt from the gross receipts tax levied by this chapter and
the compensating use tax levied by the Arkansas Compensating Tax Act of 1949.



1 § 26-53-101 et seq., if:

2 (1) The sale is made to a qualified nonprofit organization; and

3 (2) If the sale is of tangible personal property, the tangible
4 personal property sold to the qualified nonprofit organization is not:

5 (A) A motor vehicle;

6 (B) A motorboat;

7 (C) An aircraft or airplane;

8 (D) An alcoholic beverage;

9 (E) Tobacco;

10 (F) A computer;

11 (G) A material used to construct a residential or
12 commercial structure;

13 (H) A household appliance;

14 (I) A mobile telephone or cellular telephone;

15 (J) An all-terrain vehicle; or

16 (K) A television.

17 (c) A nonprofit organization requesting recognition as a qualified
18 nonprofit organization shall file with the Secretary of the Department of
19 Finance and Administration an application as prescribed by the secretary
20 verifying the facts upon which the nonprofit organization claims the
21 exemption under this section.

22 (d)(1) Upon receipt of an application described in subsection (c) of
23 this section, the secretary shall respond in writing within a reasonable time
24 after the filing of the application either issuing an exemption certificate
25 to the qualified nonprofit organization or denying the application.

26 (2) If an application is denied, an explanation of the reason
27 for denial shall accompany the denial.

28 (3) If the secretary finds that a nonprofit organization no
29 longer meets the conditions to be a qualified nonprofit organization, the
30 secretary shall revoke an exemption certificate.

31 (e) The secretary may promulgate rules to implement this section,
32 including but not limited to rules regarding:

33 (1) An application process; and

34 (2) A reverification process.

35 (f) The secretary shall report annually to the Legislative Council the
36 number of exemption certificates that have been issued to qualified nonprofit

organizations during the prior one (1) year period.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective on the first day of the calendar quarter following the effective date of this act.

/s/L. Johnson