

State of Arkansas  
93rd General Assembly  
Regular Session, 2021

As Engrossed: H4/15/21  
**A Bill**

HOUSE BILL 1596

By: Representatives Jett, *Speaks*

By: Senator J. Dismang

### **For An Act To Be Entitled**

AN ACT TO AMEND THE SALES TAX EXEMPTIONS THAT APPLY TO CERTAIN ARTICLES; TO ALLOW THE SALES AND USE TAX EXEMPTION FOR SALES FOR RESALE TO APPLY TO ITEMS SOLD FOR USE IN PRINTING; TO AMEND THE SALES AND USE TAX EXEMPTION FOR CERTAIN MACHINERY AND EQUIPMENT; AND FOR OTHER PURPOSES.

### **Subtitle**

TO ALLOW THE SALES AND USE TAX EXEMPTION FOR SALES FOR RESALE TO APPLY TO ITEMS SOLD FOR USE IN PRINTING; AND TO AMEND THE SALES AND USE TAX EXEMPTION FOR CERTAIN MACHINERY AND EQUIPMENT.

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

SECTION 1. Arkansas Code § 26-52-401(12)(B)(i), concerning the sales tax exemption for items sold for resale, is amended to read as follows:

(B)(i) Goods, wares, merchandise, and property sold for use in manufacturing, printing, compounding, processing, assembling, or preparing for sale can be classified as having been sold for the purposes of resale or the subject matter of resale only in the event the goods, wares, merchandise, or property becomes a recognizable integral part of the manufactured, printed, compounded, processed, assembled, or prepared products.



SECTION 2. Arkansas Code § 26-52-402(b), concerning the sales tax exemption for certain machinery and equipment, is amended to read as follows:

(b) As used in this section, ~~“manufacturing”~~:

(1) “Articles of commerce” means:

(A) An item to be placed on the market for retail sale;

(B) A printed item that is produced for a specific customer in response to a special order; or

(C) An item that becomes a recognizable integral part of an item described in subdivision (b)(1)(A) or subdivision (b)(1)(B) of this section; and

(2) “Manufacturing” or “processing” refers to and includes those operations commonly understood within their ordinary meaning and shall also include:

~~(1)(A)~~ Mining;

~~(2)(B)~~ Quarrying;

~~(3)(C)~~ Refining;

~~(4)(D)~~ Extracting oil and gas;

~~(5)(E)~~ Cotton ginning;

~~(6)(F)~~ Drying of rice, soybeans, and other grains;

~~(7)(G)~~ Manufacturing of feed;

~~(8)(H)~~ Processing of poultry or eggs and livestock and the hatching of poultry;

~~(9)(I)~~ Printing of all kinds, types, and characters, including the services of overprinting and photographic processing incidental to printing;

~~(10)(J)~~ Processing of scrap metal into grades and bales for further processing into steel and other metals;

~~(11)(K)~~ Retreading of tires for automobiles, trucks, and other mobile equipment powered by electrical or internal combustion engines or motors;

~~(12)(L)~~ Rebuilding or remanufacturing of used parts for automobiles, trucks, and other mobile equipment powered by electrical or internal combustion engines or motors if the rebuilt or remanufactured parts are not sold directly to the consumer but are sold for resale; and

~~(13)(M)~~ Producing of protective coatings which increase the quality and durability of a finished product.

SECTION 3. Arkansas Code § 26-52-402(c)(1)(B), concerning the sales tax exemption for certain machinery and equipment, is amended to read as follows:

(B) As used in this subsection, “directly” is used to limit the exemption to only the machinery and equipment used in actual production during processing, fabricating, or assembling raw materials or semifinished materials into the form in which the personal property is to be sold ~~in the commercial market.~~

SECTION 4. EFFECTIVE DATE. Sections 1-3 of this act are effective on the first day of the calendar quarter following the effective date of this act.

*/s/Jett*

**APPROVED: 4/25/21**