

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1716

By: Representative Cavanaugh

By: Senator Caldwell

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE ASSESSMENT AND COLLECTION OF TAXES BY THE SECRETARY OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION; TO PROHIBIT THE ASSESSMENT OF SALES AND USE TAX IN CERTAIN CIRCUMSTANCES; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING THE ASSESSMENT AND COLLECTION OF TAXES BY THE SECRETARY OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION; AND TO PROHIBIT THE ASSESSMENT OF SALES AND USE TAX IN CERTAIN CIRCUMSTANCES.

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

SECTION 1. Arkansas Code § 26-18-401, concerning the assessment and collection of taxes by the Secretary of the Department of Finance and Administration, is amended to add an additional subsection to read as follows:

(c)(1) Except as provided under subdivision (c)(3) of this section, if a taxpayer has previously appealed an assessment of gross receipts or compensating use tax under § 26-18-403 or the denial of a claimed refund of gross receipts or compensating use tax under § 26-18-507, the secretary shall not subsequently assess gross receipts or compensating use tax against the taxpayer on the sale or purchase of the same item of tangible personal property if the taxpayer has received a decision that the sale or purchase



qualified for an exemption under the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq. or the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq. by:

(A) The Office of Hearings and Appeals under § 26-18-405 that is not pending judicial review or overturned upon judicial review;

(B) The Tax Appeals Commission under § 26-18-1116 that is not pending judicial review or overturned upon judicial review;

(C) A circuit court under § 26-18-406 that is not pending appeal to the Supreme Court or overturned by the Supreme Court; or

(D) The Supreme Court.

(2) Subdivision (c)(1) of this section applies only to gross receipts or compensating use tax on the sale or purchase of tangible personal property by the same taxpayer when the taxpayer is using the tangible personal property in the same way that was previously determined to be exempt by the office, commission, circuit court, or Supreme Court.

(3) The prohibition against the assessment of gross receipts or compensating use tax by the secretary under subdivision (c)(1) of this section does not apply when there is a material change in law regarding the qualifications for the exemption that formed the basis of the decision in the taxpayer's favor under subdivision (c)(1) of this section by:

(A) A new enactment of law by the General Assembly;

(B) An amendment or repeal of the law by the General Assembly;

(C) A newly promulgated rule or a change in a promulgated rule approved by the Legislative Council under § 10-3-309; or

(D) A subsequent decision of the Supreme Court.

APPROVED: 4/8/25