

Stricken language would be deleted from and underlined language would be added to present law.  
Act 621 of the Regular Session

State of Arkansas  
95th General Assembly  
Regular Session, 2025

As Engrossed: H3/31/25

## A Bill

HOUSE BILL 1594

By: Representative Vaught

By: Senator Dees

### For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING GROSS RECEIPTS TAX EXEMPTION CERTIFICATES; TO CREATE A FARMER SALES TAX IDENTIFICATION CARD; TO RELIEVE A SELLER OF SALES TAX REMITTANCE LIABILITY UPON GOOD FAITH ACCEPTANCE OF A FARMER SALES TAX IDENTIFICATION CARD; AND FOR OTHER PURPOSES.

### Subtitle

TO CREATE A FARMER SALES TAX IDENTIFICATION CARD; AND TO RELIEVE A SELLER OF SALES TAX REMITTANCE LIABILITY UPON GOOD FAITH ACCEPTANCE OF A FARMER SALES TAX IDENTIFICATION CARD.

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

SECTION 1. Arkansas Code § 26-52-517 is amended to read as follows:

26-52-517. Exemption certificates – Farmer sales tax identification card – Definition.

(a) The sales tax liability for all sales of tangible personal property, specified digital products, digital codes, and taxable services is upon the seller unless the purchaser claims an exemption and the seller obtains identifying information of the purchaser and the reason the purchaser is claiming the exemption in the manner prescribed by the Secretary of the Department of Finance and Administration.

(b)(1) When tangible personal property, specified digital products, a digital code, or taxable services are purchased tax-free under subsection (a)



of this section and the tangible personal property, specified digital products, digital code, or taxable service is not resold by the purchaser, the purchaser is solely liable for reporting and remitting to the secretary any tax which should have been paid at the time of purchase.

(2) Use or disposition of the property other than for resale shall be deemed a withdrawal from stock for all purposes, including reporting and remittance of the tax due, and the tax shall be due from the purchaser at the time of the withdrawal from stock.

(c)(1) The secretary may provide sale for resale certificates to assist retailers in properly accounting for nontaxable sales of tangible personal property or taxable services.

(2) Such certificates must be completed as to the information required in order to be valid and cannot be used to establish any other exemption from sales or use tax.

(d)(1) A seller may accept a blanket exemption certificate or rely on a previously obtained copy of a farmer sales tax identification card from a purchaser with which the seller has a recurring business relationship.

(2) A seller is not required to renew blanket exemption certificates, obtain a new copy of a farmer sales tax identification card, or update exemption certificate information or data elements when there is a recurring business relationship between the purchaser and seller.

(3) A recurring business relationship exists when a period of no more than twelve (12) months elapses between sales transactions.

(e) A seller that follows the exemption requirements as prescribed by the secretary is relieved from any tax otherwise applicable if it is determined that the purchaser improperly claimed an exemption.

(f) The relief from liability provided in subsection (e) of this section does not apply to a seller that:

(1) Fraudulently fails to collect the sales tax;

(2) Solicits a purchaser to participate in the unlawful claim of an exemption; or

(3) Accepts an exemption certificate or farmer sales tax identification card from a purchaser claiming an entity-based exemption if:

(A) The subject of the transaction sought to be covered by the exemption certificate or farmer sales tax identification card is actually received by the purchaser at a location operated by the seller; and

(B) The Department of Finance and Administration provides an exemption certificate that clearly and affirmatively indicates that the claimed exemption is not available in Arkansas.

(g)(1) A seller may obtain a fully completed exemption certificate, obtain a copy of a farmer sales tax identification card, or capture the relevant data elements required by the department within ninety (90) days after the date of sale.

(2)(A) If the seller has not obtained an exemption certificate, a copy of a farmer sales tax identification card, or all relevant data elements and the department makes a request for substantiation of the exemption, the seller has one hundred twenty (120) days from the date of the request to prove by other means that the transaction was not subject to sales or use tax or to obtain in good faith a fully completed exemption certificate or a copy of a farmer sales tax identification card from the purchaser.

~~(B) As used in this subsection, “good~~

(h)(1) In lieu of an exemption certificate under this section:

(A) The secretary shall provide an eligible farmer with a farmer sales tax identification card to assist retailers in properly accounting for nontaxable sales of tangible personal property or taxable services to a person engaged in farming; and

(B) A person engaged in farming may present a farmer sales tax identification card to a seller to obtain an exemption under § 26-52-401 et seq.

(2)(A) If a purchaser uses a farmer sales tax identification card issued under this subsection to claim an exemption from sales or use tax, the department may request that the purchaser provide documentation supporting entitlement to the claimed exemption.

(B) If the department determines an item purchased exempt from sales and use tax using a farmer sales tax identification card was not entitled to the exemption provided under this section, the department may assess the sales or use tax, interest, and a penalty against the purchaser who claimed the exemption.

(i) As used in this section:

(1) “Eligible farmer” means a person or entity that:

(A) Is engaged in farming;

(B) Has demonstrated to the secretary that the person or

entity has the resources and capacity to produce food, fiber, grass sod, or nursery products in commercially marketable quantities; and

(C) Except as provided in subdivision (j)(2) of this section, either:

(i) Provides a copy of a schedule 1040F, 1065, or other equivalent tax form filed with the person's or entity's income tax return for the most recent three-year period to report gain or loss from farming activities; or

(ii) If the person or entity has been farming for fewer than three (3) years, files a three-year business plan, on a form provided by the secretary, demonstrating that the applicant has acquired land, loans, financing, and other resources necessary to establish and operate a farm capable of producing commercially marketable quantities of food, fiber, grass sod, or nursery products;

(2) "Farming" means the agricultural production of food or fiber as a business or the agricultural production of grass sod or nursery products as a business; and

(3) "Good faith" means that the seller obtains ~~a certificate that claims~~ an exemption certificate or farmer sales tax identification card for an exemption that:

(i)(A) Was statutorily available on the date of the transaction in the jurisdiction where the transaction is sourced;

(ii)(B) Could be applicable to the item being purchased; and

(iii)(C) Is reasonable for the purchaser's type of business.

(j)(1) A farmer sales tax identification card issued under subsection (h) of this section:

(A) Shall expire eight (8) years from the date of issuance; and

(B) Is subject to renewal by the secretary upon application by the eligible farmer.

(2) An eligible farmer applying to renew an existing farmer sales tax identification card under this subsection is not required to provide the documents required under subdivision (i)(1)(C) of this section if the eligible farmer certifies that neither the eligible farmer's farm nor

other application information has changed since the expiring farmer sales tax identification card was issued.

(k)(1) An applicant for a farmer sales tax identification card shall pay an application fee of:

(A) Twenty dollars (\$20.00) for a new farmer sales tax identification card; and

(B) Ten dollars (\$10.00) for the renewal of a farmer sales tax identification card.

(2) The fees collected under this section shall be deposited into the State Treasury to the credit of the State Central Services Fund as direct revenue to be used by the Revenue Division of the Department of Finance and Administration to defray the cost of administering the farmer sales tax identification card and for other related purposes as required by the secretary in carrying out the functions, powers, and duties of the division.

SECTION 2. This act is effective on and after January 1, 2026.

/s/Vaught

**APPROVED: 4/14/25**