

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1851

By: Representative Jean

By: Senator Crowell

For An Act To Be Entitled

AN ACT TO AMEND THE SALES TAX EXEMPTION FOR FOOD,
FOOD INGREDIENTS, AND PREPARED FOOD SOLD IN A PUBLIC,
COMMON, HIGH SCHOOL, OR COLLEGE CAFETERIA OR DINING
FACILITY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE SALES TAX EXEMPTION FOR
FOOD, FOOD INGREDIENTS, AND PREPARED
FOOD SOLD IN A PUBLIC, COMMON, HIGH
SCHOOL, OR COLLEGE CAFETERIA OR DINING
FACILITY.

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

SECTION 1. DO NOT CODIFY. Legislative findings and intent.

(a) The General Assembly finds that the Arkansas Gross Receipts Act of 1941, as originally enacted, included an exemption for the sale of food in public school, high school, and college cafeterias and lunchrooms operated primarily for teachers and pupils and not operated for profit.

(b) The General Assembly intends for this act to update the exemption provided for the sale of food in public school, high school, and college cafeterias and lunchrooms to be consistent with the current prevailing school food service and management practices, in accordance with the legislative intent of the exemption as it was originally enacted.

SECTION 2. Arkansas Code § 26-52-401(3), concerning sales tax exemptions provided for various products and services, is amended to read as



follows:

(3)(A) Gross receipts or gross proceeds derived from the sale of food, food ingredients, or prepared food in public, common, high school, or college cafeterias and ~~lunch rooms~~ dining facilities operated primarily for teachers and pupils, not operated primarily for the public and not operated for profit.

(B) A public, common, high school, or college cafeteria or dining facility that contracts for services or management from a third party that operates for profit is not considered to be operated for profit for purposes of the exemption provided under subdivision (3)(A) of this section solely because a for-profit third party provides services or management for the public, common, high school, or college cafeteria or dining facility;

SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective on the first day of the calendar quarter following the effective date of this act.

APPROVED: 4/16/25