

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
92nd General Assembly  
Regular Session, 2019

# A Bill

SENATE BILL 467

By: Senator B. Johnson

## For An Act To Be Entitled

AN ACT TO AMEND THE SALES TAX EXEMPTION FOR CERTAIN MACHINERY AND EQUIPMENT; TO PROVIDE A SALES TAX EXEMPTION FOR MACHINERY AND EQUIPMENT USED TO PRODUCE OR REPAIR REPLACEMENT DIES, MOLDS, REPAIR PARTS, OR REPLACEMENT PARTS USED IN MANUFACTURING; AND FOR OTHER PURPOSES.

## Subtitle

TO AMEND THE SALES TAX EXEMPTION FOR CERTAIN MACHINERY AND EQUIPMENT; AND TO PROVIDE A SALES TAX EXEMPTION FOR MACHINERY AND EQUIPMENT USED TO PRODUCE OR REPAIR DIES, MOLDS, REPAIR PARTS, OR REPLACEMENT PARTS USED IN MANUFACTURING.

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

SECTION 1. Arkansas Code § 26-52-402(c)(2)(B) and (C), concerning the sales tax exemption for certain machinery and equipment, are amended to read as follows:

(B) Machinery and equipment “used directly” in the manufacturing process includes without limitation the following:

(i) Molds, frames, cavities, and forms that determine the physical characteristics of the finished product or its packaging material at any stage of the manufacturing process;

(ii) Dies, tools, and devices attached to or a part of a unit of machinery that determine the physical characteristics of the



finished product or its packaging material at any stage of the manufacturing process;

(iii) Testing equipment to measure the quality of the finished product at any stage of the manufacturing process;

(iv) Computers and related peripheral equipment that directly control or measure the manufacturing process;

(v) Machinery and equipment that produce steam, electricity, or chemical catalysts and solutions that are essential to the manufacturing process but which are consumed during the course of the manufacturing process and do not become necessary and integral parts of the finished product; ~~and~~

(vi) Sand and other proppants used to complete a new oil or gas well or to re-complete, redrill, or expand an existing oil or gas well; and

(vii) Machinery and equipment used by a manufacturer to produce or repair replacement dies, molds, repair parts, or replacement parts used or consumed in the manufacturer's own manufacturing process; and

(C) Machinery and equipment "used directly" in the manufacturing process shall not include the following:

(i) Hand tools;

(ii) Machinery, equipment, and tools used in maintaining and repairing any type of machinery and equipment;

(iii) Transportation equipment, including conveyors, used solely before or after the manufacturing process has been started or completed;

(iv) Office machines and equipment, including computers and related peripheral equipment not directly used in controlling or measuring the manufacturing process;

(v) Buildings;

(vi) Machinery and equipment used in administrative, accounting, sales, or other such activities of the business;

(vii) All furniture; and

(viii) All other machinery and equipment not used directly in manufacturing or processing operations as defined in this section; ~~and~~

~~(ix) Machinery and equipment used by a manufacturer~~

~~to produce or repair replacement dies, molds, repair parts, or replacement parts used or consumed in the manufacturer's own manufacturing process.~~

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.