

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

State of Arkansas  
93rd General Assembly  
Regular Session, 2021

# A Bill

SENATE BILL 482

By: Senator J. Dismang

## For An Act To Be Entitled

AN ACT TO PROVIDE FOR DESTINATION SOURCING OF SALES TO THE UNITED STATES GOVERNMENT FOR PURPOSES OF ARKANSAS INCOME TAX APPORTIONMENT; AND FOR OTHER PURPOSES.

### Subtitle

TO PROVIDE FOR DESTINATION SOURCING OF SALES TO THE UNITED STATES GOVERNMENT FOR PURPOSES OF ARKANSAS INCOME TAX APPORTIONMENT.

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

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

(a) The General Assembly finds that requiring origin-based sourcing for sales to the United States Government hurts federal contractors with locations in Arkansas, including sometimes resulting in actual double taxation.

(b) The General Assembly intends to change Arkansas income tax apportionment of sales to the United States Government to be destination-based, as is the case for sales to other customers.

SECTION 2. Arkansas Code § 26-5-101, Article IV, paragraph 16, concerning the division of income under the Multistate Tax Compact, is amended to read as follows:

16. Sales of tangible personal property are in this state if:
  - (a) The property is delivered or shipped to a purchaser,



~~other than the United States Government,~~ within this state regardless of the f.o.b. point or other conditions of the sale; or

(b) The property is shipped from an office, store, warehouse, factory, or other place of storage in this state and ~~(1) the purchaser is the United States Government or (2)~~ the taxpayer is not taxable in the state of the purchaser.

SECTION 3. Arkansas Code § 26-51-716 is amended to read as follows:

26-51-716. Sales of tangible personal property.

Sales of tangible personal property are in this state if:

(a) the property is delivered or shipped to a purchaser, ~~other than the United States government,~~ within this state regardless of the f.o.b. point or other conditions of the sale; or

(b) the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and ~~(1) the purchaser is the United States government or (2)~~ the taxpayer is not taxable in the state of the purchaser.

SECTION 4. EFFECTIVE DATE. Sections 2 and 3 of this act are effective for tax years beginning on or after January 1, 2022.