

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1319

By: Representatives Crawford, Barnes, S. Berry, Breaux, John Carr, C. Cooper, Duffield, Ennett, D. Garner, Gonzales Worthen, Gramlich, Hollowell, Hudson, L. Johnson, Lynch, McClure, McCullough, M. McElroy, McGruder, Nazarenko, J. Richardson, Richmond, Rose, Rye, Steimel
By: Senators J. Boyd, A. Clark

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING TAX BENEFITS PROVIDED TO DISABLED VETERANS; TO PROVIDE AN EXEMPTION FROM STATE SALES TAX FOR DISABLED VETERANS, SPOUSES OF DISABLED VETERANS, AND SURVIVING SPOUSES OF DISABLED VETERANS; AND FOR OTHER PURPOSES.

Subtitle

TO PROVIDE AN EXEMPTION FROM STATE SALES TAX FOR DISABLED VETERANS, SPOUSES OF DISABLED VETERANS, AND SURVIVING SPOUSES OF DISABLED VETERANS.

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

SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is amended to add an additional section to read as follows:

26-52-457. Disabled veteran, spouse of disabled veteran, and surviving spouse of disabled veteran.

(a) As used in this section, "disabled veteran" means a person who qualifies for a property tax exemption under § 26-3-306.

(b)(1) The gross receipts and gross proceeds derived from the sale of tangible personal property, specified digital products, a digital code, or services to a disabled veteran, a spouse of a disabled veteran, or a surviving spouse of a disabled veteran if the surviving spouse has not remarried are exempt from the gross receipts tax levied by this chapter.



(2) The exemption provided in this section:

(A) Applies only to sales made at a physical location in the state; and

(B) Does not apply to:

(i) A sales and use tax levied by a local government; or

(ii) The compensating use tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

(c) To claim the exemption allowed under this section:

(1) A disabled veteran shall:

(A) Obtain an identification card from the Department of Veterans Affairs; and

(B) Present the identification card obtained under subdivision (c)(1)(A) of this section at the time of an exempt purchase; and

(2) The surviving spouse of a deceased disabled veteran shall submit a letter to the Department of Finance and Administration from the United States Department of Veterans Affairs certifying that he or she is the unremarried surviving spouse of a disabled veteran.

(d)(1) The maximum amount that may be claimed in a calendar year by a taxpayer as an exemption under this section is five thousand dollars (\$5,000).

(2) The Department of Finance and Administration may request a person claiming an exemption under this section to provide a statement executed under oath that the amount of the exemption claimed under this section has not exceeded the limitation provided in subdivision (d)(1) of this section.

(3) If a taxpayer claiming an exemption under this section exceeds the limitation provided in subdivision (d)(1) of this section, the amount claimed as exempt in excess of the limitation shall be treated as a direct sales tax liability, and the Department of Finance and Administration may recover the sales tax, including any applicable penalties and interest, by the use of any method authorized by law.

(e) A seller accepting an identification card under this section to process an exempt transaction shall:

(1) Use the serial number on the identification card to process the exempt transaction; and

(2) Include each serial number used under subdivision (e)(1) of this section on the sales tax report submitted under this chapter.

(f)(1) The Department of Veterans Affairs, in coordination with the Department of Finance and Administration, shall issue an identification card to each eligible person who applies for an identification card under this section.

(2) An identification card issued under this subsection shall include without limitation:

(A) A photograph of the disabled veteran to whom the identification card is issued; and

(B) A unique serial number for purposes of verifying the exemption allowed under this section.

(g) A person who claims an exemption under this section with a purpose to defraud upon conviction is guilty of a Class C misdemeanor.

(h) The Department of Veterans Affairs and the Department of Finance and Administration shall:

(1) Adopt rules to implement and administer this section; and

(2) Collaborate to:

(A) Ensure the secure issuance of identification cards to disabled veterans; and

(B) Manage the exemption provided under this section.

SECTION 2. Arkansas Code § 26-73-113(a)(1)(A), concerning the alternative local sales and use tax, is amended to read as follows:

(a)(1)(A) In lieu of using all or a portion of its authority to levy a sales and use tax solely to pay bonded debt under § 14-164-327, the governing body of any municipality or county may adopt an ordinance levying a tax in the amount of one-fourth of one percent (0.25%), one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) upon all taxable sales of property and services subject to the tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., upon the sales of property and services exempt from the gross receipts tax under § 26-52-457, and upon the privilege of storing, using, distributing, or consuming within this state any tangible personal property which is subject to the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq. The ordinance or ordinances must specify that the tax is being levied under this law.

SECTION 3. Arkansas Code § 26-74-212(a), concerning the applicability of the county sales tax levied for capital improvements, is amended to read as follows:

(a) A county sales tax levied under this subchapter or in § 26-74-301 et seq. shall be applicable to sales of items and services sold by a business, including items and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-457, and the tax shall be administered under the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

SECTION 4. Arkansas Code § 26-74-312(b), concerning the administration and collection of the county sales and use tax for capital improvements, is amended to read as follows:

(b) In addition to the state gross receipts tax, the secretary shall collect an additional tax under the authority of this subchapter on the gross receipts from the sale of all items and services that are subject to the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., and all items and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-457.

SECTION 5. Arkansas Code § 26-75-214(b), concerning the administration and collection of the municipal sales and use tax for capital improvements, is amended to read as follows:

(b) In addition to the state gross receipts tax and compensating tax, the secretary shall collect an additional tax under the authority of this subchapter on the receipts from the sale at retail or on the sale price or lease or rental price on the storage, use, distribution, or other consumption of all taxable items and services subject to the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., and all items and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-457.

SECTION 6. Arkansas Code § 26-75-405(a), concerning the items subject

to the temporary municipal sales and use tax for the acquisition, construction, or improvement of parks, is amended to read as follows:

(a) When any city or town levies a sales and use tax pursuant to the authority granted in this subchapter, the tax shall be levied upon the same sales and the same items and services as are subject to taxation under the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., and upon the items and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-457.

SECTION 7. Arkansas Code § 26-75-502(a), concerning the authority to levy a municipal gross receipts tax, is amended to read as follows:

(a) Any city of the first class or city of the second class having a population of not more than forty thousand (40,000) persons according to the most recent federal census and that has been or may in the future be designated as a model city under the Demonstration Cities and Metropolitan Development Act of 1966, 42 U.S.C. § 3301 et seq., by an ordinance passed by its governing body, may levy a tax for the benefit of the city of not to exceed one percent (1%) on gross proceeds or gross receipts derived from sales, as such sales and gross proceeds or gross receipts are defined in the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., and on sales of property and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-457.

SECTION 8. Arkansas Code § 26-81-104(a)(1), concerning the amount of a tax levied under the Multicounty Airport and Riverport Financing Act, is amended to read as follows:

(a)(1) Any tax levied pursuant to the authority of this chapter shall be a tax equal to one percent (1%) on the sales price on items of personal property and services sold or to be used in the levying county to the extent of and subject to the exemptions with respect to the gross receipts tax and compensating use tax as set forth in the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., respectively, except that personal property and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under §

26-52-457 are subject to the tax levied under this section.

SECTION 9. Arkansas Code § 26-82-102(9), concerning the definitions to be used under the Local Sales and Use Tax Economic Development Project Funding Act, is amended to read as follows:

(9) "Local sales and use tax" means a tax levied under this chapter on the gross proceeds or gross receipts derived from sales within a city or county of all items that are: ~~subject~~

(A) Subject to taxation 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.; and

(B) Exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-457;

SECTION 10. DO NOT CODIFY. EFFECTIVE DATE. Sections 1-9 of this act are effective on the first day of the calendar quarter following the effective date of this act.