

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1464

By: Representatives Vaught, Cavanaugh

For An Act To Be Entitled

AN ACT TO CREATE A SALES AND USE TAX EXEMPTION FOR PARTS FOR AND REPAIR OF AGRICULTURAL EQUIPMENT AND MACHINERY; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE A SALES AND USE TAX EXEMPTION FOR PARTS FOR AND REPAIR OF AGRICULTURAL EQUIPMENT AND MACHINERY.

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. Parts for and repair of agricultural equipment and machinery – Definitions.

(a) As used in this section:

(1)(A) "Agricultural equipment and machinery" means implements used exclusively and directly in farming.

(B) "Agricultural equipment and machinery" includes without limitation:

(i) Irrigation pipe used to carry water from an irrigation well to the crops produced in farming regardless of whether the irrigation pipe is used above ground or is buried underground;

(ii) Aviation machinery and equipment; and

(iii) Implements used to harvest crops produced in farming by others.

(C) "Agricultural equipment and machinery" does not



include implements used in the production and severance of timber, motor vehicles of a type subject to registration, or hand tools; and

(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.

(b) The gross receipts or gross proceeds derived from the sale of the following are exempt from the gross receipts tax levied by this chapter and the compensating use tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.:

(1) Parts purchased to modify, replace, or repair, in whole or in part, existing agricultural equipment and machinery; and

(2) Services relating to the initial installation, alteration, addition, cleaning, refinishing, replacement, or repair of agricultural equipment and machinery.

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.