

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 419

By: Senator G. Leding

For An Act To Be Entitled

AN ACT TO CREATE A SALES AND USE TAX EXEMPTION FOR CERTAIN SALES TO A CULTIVATION FACILITY; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE A SALES AND USE TAX EXEMPTION FOR CERTAIN SALES TO A CULTIVATION FACILITY.

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. Cultivation facility.

(a) As used in this section:

(1) "Cultivation facility" means the same as defined in Arkansas Constitution, Amendment 98, § 2;

(2)(A) "Finished goods packaging" means product packaging for usable marijuana that:

(i) Is received by a qualifying patient;

(ii) Is child resistant or contains a child-resistant container; and

(iii) Has product information that is directly printed on the packaging of the finished product or has an attached label or leaflet that contains product information.

(B) "Finished goods packaging" includes without limitation a label attached to the product packaging;



(3) "Medical use" means the same as defined in Arkansas Constitution, Amendment 98, § 2;

(4) "Qualifying patient" means the same as defined in Arkansas Constitution, Amendment 98, § 2;

(5) "Usable marijuana" means the same as defined in Arkansas Constitution, Amendment 98, § 2; and

(6) "Utility" means electricity, liquefied petroleum gas, natural gas, and water.

(b) The gross receipts or gross proceeds derived from the sale of the following to a cultivation facility 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) Seeds used in the cultivation and production of usable marijuana;

(2)(A) New and used equipment, machinery, and related attachments used exclusively in the cultivation and production of usable marijuana.

(B) The exemption provided in subdivision (b)(2)(A) of this section does not apply to a purchase of a repair or replacement part for new or used machinery, equipment, or a related attachment;

(3)(A) A utility that is used exclusively in the operation of the cultivation facility.

(B)(i) A utility subject to the exemption provided under subdivision (b)(3)(A) of this section shall be separately metered from a utility used for any other purpose by the taxpayer.

(ii) However, the rules promulgated under subsection (c) of this section may establish additional or alternate requirements for the metering of utilities under this section.

(iii) Before allowing the exemption of a utility under this section, the Secretary of the Department of Finance and Administration may require a seller of a utility to obtain a certificate from the taxpayer in the form prescribed by the secretary, certifying that the taxpayer is eligible for the exemption under this section;

(4) Consumable materials, ingredients, and chemicals used in the cultivation, extraction, or manufacturing of marijuana for medical use;

(5) Finished goods packaging; and

(6) A device that is used to house usable marijuana that is placed in finished goods packaging, including without limitation a syringe, concentrate container, suppository mold, topical pump, and cartridge.

(c) The secretary shall promulgate rules for the proper administration of this section.

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.