

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

HOUSE BILL 1807

5 By: Representative Eaves
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For An Act To Be Entitled

8
9 AN ACT TO AMEND THE SALES TAX EXEMPTION FOR AIRCRAFT
10 HELD FOR RESALE AND USED FOR RENTAL OR CHARTER; TO
11 CLARIFY THE PERSONS ELIGIBLE FOR THE SALES TAX
12 EXEMPTION FOR AIRCRAFT HELD FOR RESALE AND USED FOR
13 RENTAL OR CHARTER; AND FOR OTHER PURPOSES.
14

Subtitle

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17 TO AMEND THE SALES TAX EXEMPTION FOR
18 AIRCRAFT HELD FOR RESALE AND USED FOR
19 RENTAL OR CHARTER; AND TO CLARIFY THE
20 PERSONS ELIGIBLE FOR THE SALES TAX
21 EXEMPTION FOR AIRCRAFT HELD FOR RESALE
22 AND USED FOR RENTAL OR CHARTER.
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code § 26-52-409(a), concerning the sales tax
27 exemption for aircraft held for resale and used for rental or charter, is
28 amended to read as follows:

29 (a)(1) Any person, whether an established business or an individual,
30 that is engaged in the business of selling aircraft in this state, ~~and~~
31 ~~holding~~ holds a retail sales tax permit, and holds aircraft in stock for
32 resale may purchase aircraft exempt for resale and use the aircraft for
33 rental or charter service without payment of sales or use tax for a period of
34 not to exceed one (1) year from the date of purchase of the aircraft.

35 (2) In the case of aircraft purchased for resale which require
36 substantial modification or substantial refurbishing prior to resale, the



1 purchaser may use the aircraft for rental or charter service without payment
2 of sales or use tax for a period of not to exceed two (2) years from the date
3 of purchase of the aircraft.

4 (3) As used in this subsection, "business of selling aircraft"
5 means the purchase of aircraft for stock in trade and the management of
6 aircraft inventory for the primary purpose of generating a profit from the
7 resale, rental, lease, or charter of aircraft to customers.

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9 SECTION 2. Arkansas Code § 26-52-409, concerning the sales tax
10 exemption for aircraft held for resale and used for rental or charter, is
11 amended to add additional subsections to read as follows:

12 (e)(1) A transaction in which a person acquires an aircraft for the
13 purpose of renting or leasing the aircraft in the ordinary course of the
14 person's business is exempt under this section only if the person establishes
15 that the annual amount of the gross revenue derived from renting or leasing
16 the aircraft, including any revenue from related party transactions, is equal
17 to at least seven and five-tenths percent (7.5%) of the net acquisition price
18 for the aircraft, including the value of any trade or exchange and excluding
19 any sales commission paid to a third party.

20 (2) The Department of Finance and Administration shall
21 promulgate rules to prescribe the method of establishing the annual amount of
22 gross lease revenue derived from renting or leasing an aircraft under this
23 subsection.

24 (f) The exemption allowed under this section applies regardless of the
25 relationship, if any, between the person providing the aircraft for rent or
26 lease and the person renting or leasing the aircraft.

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28 SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective
29 on the first day of the calendar quarter following the effective date of this
30 act.