

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

# A Bill

HOUSE BILL 1716

5 By: Representative Cavanaugh  
6 By: Senator Caldwell  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE ASSESSMENT AND  
10 COLLECTION OF TAXES BY THE SECRETARY OF THE  
11 DEPARTMENT OF FINANCE AND ADMINISTRATION; TO PROHIBIT  
12 THE ASSESSMENT OF SALES AND USE TAX IN CERTAIN  
13 CIRCUMSTANCES; AND FOR OTHER PURPOSES.  
14

## Subtitle

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17 TO AMEND THE LAW CONCERNING THE  
18 ASSESSMENT AND COLLECTION OF TAXES BY  
19 THE SECRETARY OF THE DEPARTMENT OF  
20 FINANCE AND ADMINISTRATION; AND TO  
21 PROHIBIT THE ASSESSMENT OF SALES AND USE  
22 TAX IN CERTAIN CIRCUMSTANCES.  
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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26 SECTION 1. Arkansas Code § 26-18-401, concerning the assessment and  
27 collection of taxes by the Secretary of the Department of Finance and  
28 Administration, is amended to add an additional subsection to read as  
29 follows:

30 (c)(1) Except as provided under subdivision (c)(3) of this section, if  
31 a taxpayer has previously appealed an assessment of gross receipts or  
32 compensating use tax under § 26-18-403 or the denial of a claimed refund of  
33 gross receipts or compensating use tax under § 26-18-507, the secretary shall  
34 not subsequently assess gross receipts or compensating use tax against the  
35 taxpayer on the sale or purchase of the same item of tangible personal  
36 property if the taxpayer has received a decision that the sale or purchase



1 qualified for an exemption under the Arkansas Gross Receipts Act of 1941, §  
 2 26-52-101 et seq. or the Arkansas Compensating Tax Act of 1949, § 26-53-101  
 3 et seq. by:

4 (A) The Office of Hearings and Appeals under § 26-18-405  
 5 that is not pending judicial review or overturned upon judicial review;

6 (B) The Tax Appeals Commission under § 26-18-1116 that is  
 7 not pending judicial review or overturned upon judicial review;

8 (C) A circuit court under § 26-18-406 that is not pending  
 9 appeal to the Supreme Court or overturned by the Supreme Court; or

10 (D) The Supreme Court.

11 (2) Subdivision (c)(1) of this section applies only to gross  
 12 receipts or compensating use tax on the sale or purchase of tangible personal  
 13 property by the same taxpayer when the taxpayer is using the tangible  
 14 personal property in the same way that was previously determined to be exempt  
 15 by the office, commission, circuit court, or Supreme Court.

16 (3) The prohibition against the assessment of gross receipts or  
 17 compensating use tax by the secretary under subdivision (c)(1) of this  
 18 section does not apply when there is a material change in law regarding the  
 19 qualifications for the exemption that formed the basis of the decision in the  
 20 taxpayer's favor under subdivision (c)(1) of this section by:

21 (A) A new enactment of law by the General Assembly;

22 (B) An amendment or repeal of the law by the General  
 23 Assembly;

24 (C) A newly promulgated rule or a change in a promulgated  
 25 rule approved by the Legislative Council under § 10-3-309; or

26 (D) A subsequent decision of the Supreme Court.

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 29 **APPROVED: 4/8/25**