



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1804

Bill Subtitle: TO AMEND THE LAW CONCERNING THE LEVY OF THE GROSS RECEIPTS TAX, AS AFFIRMED BY REFERRED ACT 19 OF 1958; TO PROVIDE A SALES TAX EXEMPTION FOR UTILITY VEGETATION LINE MANAGEMENT SERVICES.

Sponsors:

Rep. Ray and Sen. Petty

Basic Change:

HB1804 excludes the sale of certain vegetation line management services from sales and use tax. Under current law, the sale of lawn care and landscaping is a taxable service subject to gross receipts tax. Vegetation line management services excluded from tax under the bill can be performed by mechanical or manual means in a substation, utility distribution or transmission line easement, or a right-of-way. Vegetation line management services include:

- The services of tree and brush trimming or removal from a floor, side wall, overhead, or structure;
- Easement or right-of-way clearing;
- Tree, brush, wood waste, or debris removal or disposal;
- Chemical or herbicide application or spraying; and
- Trimming of vines or vegetation from utility structures.

“Brush” is defined as the trimmings from a tree or a woody species that if left to grow would grow into a tree.

HB1804 is effective on the first day of the calendar quarter following the effective date of the act.

Fiscal Impact:

FY2026

Total Approximate State Sales and Use Tax Loss -\$2,438,459

(Estimated Effective Date 10/1/2025 --- 8 months reduced tax collection)

General Revenue - 4.5%	-\$1,637,519
Property Tax Relief - .5%	-\$181,947
Conservation Fund - .125%	-\$45,487
Educational Adequacy Fund - .875%	-\$318,406
Highway Fund - .5%	-\$187,574
Educational Excellence Trust Fund -	\$0
Educational Adequacy (GR Transfer) -	\$0
State Central Services -	-\$45,018
Constitutional Officers -	-\$22,509

Total Approximate Local City and County Sales and Use Tax Loss -\$1,202,950



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FY2027

Total Approximate State Sales and Use Tax Loss	-\$3,767,418
General Revenue - 4.5%	-\$2,277,952
Property Tax Relief - .5%	-\$281,107
Conservation Fund - .125%	-\$70,277
Educational Adequacy Fund - .875%	-\$491,938
Highway Fund - .5%	-\$289,801
Educational Excellence Trust Fund -	-\$231,545
Educational Adequacy (GR Transfer) -	-\$20,469
State Central Services -	-\$69,552
Constitutional Officers -	-\$34,776
Total Approximate Local City and County Sales and Use Tax Loss	-\$1,858,557

[An estimated amount spent on vegetation line management for the entire US was found online and scaled down by square miles of land for Arkansas.]

Taxpayer Impact:

A taxpayer will no longer pay sales tax on the sales of vegetation line management services performed by mechanical or manual means in a substation, utility distribution, or transmission line easement.

Resources Required:

None.

Time Required:

Adequate time is allowed for implementation.

Procedural Changes:

Department websites and staff training manuals will need to be updated to account for the changes.

Other Comments:

None.

Legal Analysis:

HB1804 may benefit from an amendment to add the exemption to § 26-52-301(3)(D)(ii) rather than § 26-52-301(3)(B).