



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

**Bill: HB1807**

**Bill Subtitle: TO AMEND THE SALES TAX EXEMPTION FOR AIRCRAFT HELD FOR RESALE AND USED FOR RENTAL OR CHARTER; AND TO CLARIFY THE PERSONS ELIGIBLE FOR THE SALES TAX EXEMPTION FOR AIRCRAFT HELD FOR RESALE AND USED FOR RENTAL OR CHARTER.**

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**Sponsors:**

**Rep. Eaves**

**Basic Change:**

HB1807 amends the sales and use tax exemption applicable to aircraft purchased sale for resale. Current law, § 26-52-409, allows a business engaged in the "business of selling aircraft" to purchase aircraft exempt for resale and use the aircraft for rental or charter service for up to one year without payment of sales or use tax. Without the protection of § 26-52-409, such use would constitute a taxable withdrawal from stock. The phrase "business of selling aircraft" is not currently defined.

HB1807 defines "business of selling aircraft" as "the purchase of aircraft for stock in trade and the management of aircraft inventory for the primary purpose of generating a profit from the resale, rental, lease, or charter of aircraft to customers." HB1807 requires the businesses that qualify for the sales and use tax exemption to demonstrate that the revenue generated from the annual leasing or renting of the aircraft will be at least 7.5% of the net acquisition price of the aircraft as defined by rules to be promulgated by the Department of Finance and Administration (DFA).

HB1807 expressly authorizes the exemption to apply in the absence of arms-length transactions between the lessor and lessee of an aircraft by mandating that the exemption apply regardless of any relationship between the lessor and lessee.

**Fiscal Impact:**

**FY2026**

**Total Approximate State Sales and Use Tax Loss** **-\$1,000,000**  
(Estimated Effective Date 10/1/2025 --- 8 months reduced tax collection)

General Revenue - 4.5%	-\$671,538
Property Tax Relief - .5%	-\$74,615
Conservation Fund - .125%	-\$18,654
Educational Adequacy Fund - .875%	-\$130,577
Highway Fund - .5%	-\$76,923
Educational Excellence Trust Fund -	\$0
Educational Adequacy (GR Transfer) -	\$0
State Central Services -	-\$18,462
Constitutional Officers -	-\$9,231

**Total Approximate Local City and County Sales and Use Tax Loss** **Minimal**



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**FY2027**

**Total Approximate State Sales and Use Tax Loss** **-\$1,000,000**

General Revenue - 4.5%	-\$568,189
Property Tax Relief - .5%	-\$74,615
Conservation Fund - .125%	-\$18,654
Educational Adequacy Fund - .875%	-\$130,577
Highway Fund - .5%	-\$76,923
Educational Excellence Trust Fund -	-\$94,956
Educational Adequacy (GR Transfer) -	-\$8,394
State Central Services -	-\$18,462
Constitutional Officers -	-\$9,231

**Total Approximate Local City and County Sales and Use Tax Loss** **Minimal**

[ Data provided by Field Audit was used to calculate this loss. ]

**Taxpayer Impact:**

A taxpayer in the business of selling aircraft may be eligible for a sales and use tax exemption on a transaction when renting or leasing an aircraft if the taxpayer establishes with DFA that the annual amount of gross revenue derived from renting or leasing the aircraft, including revenue derived from related party transactions, is equal to at least seven and five-tenths percent (7.5%) of the net acquisition price for the aircraft, including the value of any trade or exchange and excluding any sales commission paid to a third party.

**Resources Required:**

None.

**Time Required:**

Adequate time is allowed for implementation.

**Procedural Changes:**

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

**Other Comments:**

None.



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**Legal Analysis:**

None.