



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

**Bill: HB1851**

**Bill Subtitle: TO AMEND THE SALES TAX EXEMPTION FOR FOOD, FOOD INGREDIENTS, AND PREPARED FOOD SOLD IN A PUBLIC, COMMON, HIGH SCHOOL, OR COLLEGE CAFETERIA OR DINING FACILITY.**

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**Sponsors:**

**Rep. Jean and Sen. Crowell**

**Basic Change:**

HB1851 clarifies the sales tax exemption for the sale of food by a public school or college cafeteria. Under current law, the sale is exempt if:

- The sale occurs in a public, common, high school, or college cafeteria or lunchroom;
- The cafeteria or lunchroom is operated primarily for teachers and pupils and is not operated primarily for the public; and
- The cafeteria or lunchroom is not operated for profit.

HB1851 clarifies that if the school or college has entered into a contract with a third-party contractor to provide services or management for the cafeteria or lunchroom, the exemption may still apply even if the third-party contractor is operated for profit.

HB1851 is effective on the first day of the calendar quarter following the effective date of the act.

**Fiscal Impact:**

None.

**Taxpayer Impact:**

None.

**Resources Required:**

None.

**Time Required:**

None.

**Procedural Changes:**

None.

**Other Comments:**

None.



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**Legal Analysis:**

None.