

# Tax Information

## Home-Grown Resources - DFA

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## I. ECONOMIC DEVELOPMENT INCENTIVE AND TAX CREDIT PROGRAMS

1. The Consolidated Incentive Act of 2003 provides the Arkansas Economic Development Commission the authority to offer various incentives to eligible companies through the following programs:
  - i. Advantage Arkansas provides an Income Tax Credit for new job creation by new or existing eligible businesses.  
Ark. Code Ann. 15-4-2705  
**\$1,487,954 (CY2014)**
  - ii. Ark Plus provides an Income Tax Credit for capital investment by new or existing eligible businesses.  
Ark. Code Ann. 15-4-2706 (b)  
**\$1,603,893 (CY2014)**
  - iii. Ark Plus for Technology Based Businesses provides an Income or Sales & Use Tax Credit for capital investment by technology based businesses.  
Ark. Code Ann. 15-4-2706 (b)  
**\$0 (CY 2014)**
  - iv. Investark provides a Sales & Use Tax Credit for capital investment by existing eligible businesses.  
Ark. Code Ann. 15-4-2706 (c)  
**\$40,499,204 (CY2014)**
  - v. Tax Back provides a Sales & Use Tax Refund for investment by new or existing eligible businesses.  
Ark. Code Ann. 15-4-2706 (d)  
**\$1,644,241 (CY2014)**
  - vi. Targeted Business Tax Back provides a Sales & Use Tax Refund for investment by targeted businesses.  
Ark. Code Ann. 15-4-2706 (e)  
**\$0 (CY 2014)**
  - vii. Create Rebate provides Rebate Payments for new job creation by new or existing eligible businesses.  
Ark. Code Ann. 15-4-2707  
**\$10,060,963 (CY2014)**
  - viii. Research and Development with Universities provides an Income Tax Credit for qualified research expenditures at colleges with contracts from eligible businesses.  
Ark. Code Ann. 15-4-2708 (a)  
**\$0 (CY 2014)**
  - ix. In-House Research provides an Income Tax Credit for qualified research expenditures by new or existing eligible businesses.  
Ark. Code Ann. 15-4-2708 (b)  
**\$1,467,351 (CY 2014)**
  - x. In-House Research by a Targeted Business provides an Income Tax Credit for qualified research expenditures by targeted businesses.

Ark. Code Ann. 15-4-2708 (c)  
**\$662,878 (CY 2014)**

xi. In-House Research in Area of Strategic Value provides an Income Tax Credit for research in a strategic research area.  
Ark. Code Ann. 15-4-2708 (d)  
**\$0 (CY 2014)**

xii. Targeted Business Payroll provides an Income Tax Credit for job creation by targeted businesses.  
Ark. Code Ann. 15-4-2709  
**\$174,163 (CY 2014)**

2. The Tourism Development Act provides the Arkansas Economic Development Commission the authority to offer the following incentives to eligible companies:

i. Sales Tax Credits for investment in tourism attraction projects.  
Ark. Code Ann. § 15-11-507

**\$4,137,078 (CY 2014)**

ii. Income Tax Credits for new job creation at tourism attraction projects.  
Ark. Code Ann. § 15-11-509

**\$0 (CY 2014)**

3. Capital Development Company Income Tax Credit for purchasing an equity interest in a capital development company.

Ark. Code Ann. § 15-4-1001 et seq.

**\$145,419 (CY 2014)**

(Sold credits can be used against insurance premium tax.)

4. The Motion Picture Incentive program provides the Arkansas Economic Development Commission the authority to offer rebate payments to motion picture production companies.

Ark. Code Ann. § 15-4-2001 et seq.

**\$514,025 (CY 2014)**

5. Public Roads Incentive provides an Income Tax Credit for contributions to the public roads fund.

Ark. Code Ann. § 15-4-2301 et seq.

**\$0 (CY 2014)**

6. Steel Manufacturer's Tax Exemptions and Credits provides eligible manufacturers that natural gas and electricity are exempt from sales tax, NOL increased to 10 years, Recycle credit carryover increased to 14 years.

Ark. Code Ann. § 15-4-2401 et seq.

**\$0 (CY 2014)**

7. The Biodiesel Incentive Act provides an Income Tax Credit for the cost of facilities and equipment for biodiesel suppliers.

Ark. Code Ann. § 15-4-2801 et seq.

**\$0 (CY 2014)**

8. The Nonprofit Incentive Act provides the following incentives to eligible non-profit organizations:

i. Sales & Use Refund for investment by nonprofit organizations

Ark. Code Ann. § 15-4-3105

**\$0 (CY 2014)**

- ii. Rebate payments for job creation by nonprofit organizations.  
Ark. Code Ann. § 15-4-3106  
**\$0 (CY 2014)**
  
- 9. The Equity Investment Incentive Act provides Income Tax Credits for purchasing equity interest in qualified businesses. (Sold credits can be used against insurance premium tax.)  
Ark. Code Ann. § 15-4-3301 et seq.  
**\$3,212,467 (CY 2014)**
  
- 10. The Affordable Neighborhood Housing Credit provides an Income Tax Credit for investment in affordable housing assistance activities.  
Ark. Code Ann. § 15-5-1301 et seq.  
**\$0 (CY 2014)**
  
- 11. Venture Capital Investment provides Income Tax Credits for investment in capital investment plans.  
Ark. Code Ann. § 15-5-1401  
**\$0 (CY 2014)**
  
- 12. The Family Savings Initiative Act provides an Income Tax Credit for matching contributions to fiduciary organizations for eligible savings accounts.  
Ark. Code Ann. § 20-86-109  
**\$0 (CY 2014)**
  
- 13. Water Resource Conservation and Development Income Tax Credits for costs incurred for eligible water conservation projects.  
Ark. Code Ann. § 26-51-1001 et seq.  
**\$1,019,652 (CY 2014)**
  
- 14. Equipment Donation/Sale to Education Institutions provides Income Tax Credit for donating machinery or equipment for qualified education programs.  
Ark. Code Ann. § 26-51-1102 (a)  
**\$0 (CY 2014)**
  
- 15. Qualified Research Programs Income Credit for research expenditures in qualified research programs.  
Ark. Code Ann. § 26-51-1102 (b)  
**\$0 (CY 2014)**
  
- 16. Research Park Authority Income Tax Credit for donation to higher education institution to support a research park authority.  
Ark. Code Ann. § 26-51-1102 (c)  
**\$0 (CY 2014)**
  
- 17. Wetland and Riparian Zone Creation/Restoration Income Tax Credit for costs incurred for eligible wetland restoration project.  
Ark. Code Ann. § 26-51-1505 (a)  
**\$150,938 (CY 2014)**
  
- 18. Wetland and Riparian Zone Conservation Income Tax Credit for donating real property for wetland conservation purposes.  
Ark. Code Ann. § 26-51-1505 (b)  
**\$7,315 (CY 2014)**

19. Youth Apprenticeship Work Base Learning Income Tax Credit for hiring youth apprentices in work-based training programs.  
Ark. Code Ann. § 26-51-1601 et seq.  
**\$0 (CY 2014)**
20. Low Income Housing Income Tax Credit to owners of qualified low income housing projects.  
Ark. Code Ann. § 26-51-1701 et seq.  
**\$665,253 (CY 2014)**  
(Sold credits can be used against insurance premium tax.)
21. Tuition Reimbursement Program Income Tax Credit for employer's payment of employees' tuition costs.  
Ark. Code Ann. § 26-51-1901 et seq.  
**\$92,189 (CY 2014)**
22. Central Business Improvement District Income Tax Credit for qualified rehabilitation expenses.  
Ark. Code Ann. § 26-51-2401 et seq.  
**\$0 (CY 2014) (Program not funded)**
23. Waste Reduction, Reuse or Recycling Equipment Income Tax Credit for purchase of waste reduction, reuse, or recycling equipment.  
Ark. Code Ann. § 26-51-506  
**\$12,077,920 (CY 2014)**
24. Employer-provided Child Care Facility Income Tax Credit for payroll of child care employees at a qualified facility.  
Ark. Code Ann. § 26-51-508  
**\$0 (CY 2014)**
25. Youth Apprenticeship Training Income Tax Credit for hiring youth apprentices in youth apprenticeship programs.  
Ark. Code Ann. § 26-51-509  
**\$7,161 (CY 2014)**
26. Coal Mining Producing and Extracting Income Tax Credit for coal mined, produced, or extracted by coal mining enterprise.  
Ark. Code Ann. § 26-51-511  
**\$0 (CY 2014)**  
(Sold credits can be used against insurance premium tax)
27. Rice Straw Tax Income Tax Credit for using rice straw for processing, generating energy, or producing ethanol.  
Ark. Code Ann. § 26-51-512  
**\$0 (CY 2014)**
28. Historic Rehabilitation Tax Income Tax Credit for qualified rehabilitation expenses on eligible property.  
Ark. Cod Ann. § 26-51-513 and 26-51-2201 et seq.  
**\$1,423,007 (CY 2014)**  
(Sold credits can be used against insurance premium tax)
29. Cigarette Receptacle Income Tax Credit for purchase of cigarette receptacles.  
Ark. Code Ann. § 26-51-514  
**\$0 (CY 2014) (Not funded)**

30. Employer-provided Child Care Facility Sales & Use Refund on purchases used to construct employer-operated child care facility.  
Ark. Code Ann. § 26-52-516 and 26-53-132  
**\$0 (CY 2014)**
31. Steel Mill Tax Incentives program provides that Steel Manufacturers are exempt from tax on natural gas and electricity.  
Ark. Code Ann. § 26-52-901 et seq. and 26-51-1201 et seq.  
**(Cost Unknown)**
32. Existing Workforce Training Income Tax Credit for workforce training provided by certain eligible companies.  
Ark. Code Ann. § 6-50-701 et seq.  
**\$1,575 (CY2014)**
33. Delta Geotourism Incentives provides an Income Tax Credit for investment by geotourism-supporting businesses.  
Uncodified Act 518 of 2007, as amended  
**\$14,426 (CY2014)** (Sold credits can be used against insurance premium tax)

## II. SALES AND USE TAX SECTION APRIL 2012

### EXEMPTIONS FROM THE 6% ARKANSAS GROSS RECEIPTS TAX AND COMPENSATING USE TAX

Department of Finance and Administration  
Economic Analysis and Tax Research  
April 2012

This document is designed to provide revenue estimates of various exemptions to the Arkansas Gross Receipts tax and the Arkansas Compensating Use tax. It is not an official list of sales tax exemptions. Each description is a brief summary and does not provide detail. Always refer to the provisions of state law and the rules published by DFA for definitive guidance about any sales tax exemption.

The estimates do not represent an official revenue estimate of any particular tax proposal. They do not necessarily represent the revenue gain that would occur if the exemptions were eliminated. The estimates are based on estimated activity during FY2011. The value of a particular exemption may vary widely from year to year depending on prices, industry activity and demographic trends.

Each exemption is considered independently although there is overlap between individual exemptions. For this reason, the sum of all the estimates would not represent the combined value of all Arkansas sales tax exemptions.

All estimates in this document are for fiscal year 2011. Additional exemptions or expansion of exemptions that became effective after fiscal year 2011 are noted separately at the end of the document.

#### MOTOR FUEL EXEMPTIONS

1. Gasoline or motor vehicle fuel on which the gasoline or motor vehicle fuel tax has been paid. Act 386 of 1941; Ark. Code Ann. § 26-52-401(11)(A)(i)  
\$325,237,468
2. Sales of motor fuel to owners or operators of motor buses operated on designated streets, according to regular schedules, under municipal franchise, for municipal transportation purposes. Act 600 of 1971; Ark. Code Ann. § 26-52-417(a)  
\$94,317
3. Sales of special fuel or petroleum products for consumption by vessels, barges, other commercial watercraft, and railroads. Act 1005 of 1995; Ark. Code Ann. § 26-52-401(11)(A)(ii)  
\$13,602,208
4. Sales of dyed diesel. The sales tax was replaced by a per gallon tax. Act 87 of 2007; Ark. Code Ann. §26-52-401(11)(A)(iii)  
\$41,263,111

#### FEDERAL GOVERNMENT EXEMPTIONS

1. Purchases legally made with food stamps or the Special Supplemental Food Program for women, Infants, and Children (WIC). Act 1033 of 1987; Ark. Code Ann. §26-52-401(27)(A)  
\$46,226,160



2. Sales to the United States Government and its agencies. Ark. Code Ann. §26-52-401(5)  
\$45,720,000
3. Sales or rental of medical equipment by medical equipment suppliers in Arkansas for the benefit of persons enrolled in and eligible for Medicare or Medicaid programs under the Federal Social Security Act.  
Act 414 of 1991; Ark. Code Ann. §26-52-401(20)  
\$7,021,800
4. Sales of motor vehicles used to transport the aged, disabled, or mentally ill under DHS programs where the vehicles are purchased in lots of 10 or more and (1) purchased by non-profit organizations, and used for the performance of contracts with the Department of Human Services, or (2) purchased with Urban Mass Transit Administration Funds.  
Act 910 of 1991; Ark. Code Ann. §26-52-420  
\$15,000
5. Sales of motor vehicles and adaptive equipment to disabled veterans who have purchased them with financial assistance from the Department of Veterans Affairs.  
Act 403 of 1973; Ark. Code Ann. §26-52-401(6)  
\$39,501

#### MEDIA EXEMPTIONS

1. Services purchased by radio and television companies for use in providing their services. Act 769 of 1989; Ark. Code Ann. § 26-52-301(3)(C)(ii)  
\$2,197,688
2. Sales of newspapers.  
Act 386 of 1941; Ark. Code Ann. § 26-52-401(4)  
\$2,094,866
3. Sale or rental of advertising space in newspapers and publications. Act 386 of 1941; Ark. Code Ann. § 26-52-401(13)  
\$12,713,596
4. Sale of billboard advertising.  
Act 386 of 1941; Ark. Code Ann. § 26-52-401(13)  
\$1,660,968
5. Sale of any publication (other than newspapers) through regular subscription. Act 617 of 1993; Ark. Code Ann. § 26-52-401(14)  
\$4,183,330

#### EXEMPTIONS FOR LOW-INCOME HOUSEHOLDS

1. The sale of the first 500 kilowatt hours of electricity per month to each residential customer whose household income does not exceed \$12,000.00 per year.  
Act 120 of 1983 (Ex. Sess.); Ark. Code Ann. § 26-52-416(a)  
\$3,473,971
2. Sales of new or used motor vehicles or trailers of less than \$2,500.00. Act 1232 of 1997; Ark. Code Ann. § 26-52-510(b)(1)(B)  
\$20,624,590

3. Sales of food and food ingredients to non-profit agencies organized under the Arkansas Nonprofit Corporation Act (4-28-201) for free distribution to the poor and needy.  
Act 1144 of 1993; Ark. Code Ann. § 26-52-421  
\$313,661

#### MEDICAL EXEMPTIONS

1. Sales and purchases of prescription drugs by licensed pharmacists, hospitals, or physicians and oxygen prescribed by a licensed physician for human use.  
Act 416 of 1987, Act 704 of 1997, Act 884 of 1997; Ark. Code Ann. § 26-52-406  
\$142,520,059
2. Sales of test strips for testing human blood sugar levels (Sales of insulin are included under the prescription drugs exemption).  
Act 215 of 1991; Ark. Code Ann. § 26-52-419  
\$1,610,307
3. Sales, rentals, or repair of durable medical equipment, mobility-enhancing equipment, prosthetic devices, and disposable medical supplies when the items are prescribed by a physician prior to purchase.  
Act 414 of 1991; Ark. Code Ann. § 26-52-433  
\$9,867,095

#### AGRICULTURAL EXEMPTIONS

1. Sales of raw products, including Christmas trees, from the farm, orchard, or garden where the sale is made directly by the producer to the consumer, including sales by the producer to the consumer at farmers' markets.  
Act 386 of 1941, Act 458 of 1991, Act 1205 of 2009; Ark. Code Ann. § 26-52-401(18)(A)(iii) and (B)(ii)  
\$501,453
2. Sale of baby chickens in Arkansas.  
Act 15 of 1949; Ark. Code Ann. § 26-52-401(18)(A)(v)  
\$18,844,313
3. Sales of livestock, poultry, poultry products, and dairy products of producers who own not more than five (5) cows.  
Act 386 of 1941; Ark. Code Ann. § 26-52-401(18)(A)(iv)  
\$100,807
4. Sales of twine used in the production of tomatoes. Act 759 of 1975; Ark. Code Ann. § 26-52-408(b)  
\$2,438
5. Sales of bagging, packaging, and tie materials sold to and used by cotton gins in Arkansas for packaging and tying baled cotton in Arkansas.  
Act 759 of 1975; Ark. Code Ann. § 26-52-408(a)  
\$303,939
6. Sales of cotton, seed cotton, lint cotton or baled cotton whether compressed or not. Act 386 of 1941; Ark. Code Ann. § 26-52-401(18)(A)(i)  
\$23,540,800
7. Sales of seed to be used in the commercial production of any agricultural product or agricultural seed.  
Act 133 of 1965; Ark. Code Ann. § 26-52-401(18)(A)(ii)  
\$22,200,000

8. Sales of agricultural fertilizer, agricultural limestone, and agricultural chemicals, pesticides, herbicides used in the commercial production of agricultural products, and vaccines, medications, and medicinal preparations used in treating livestock and poultry for commercial production.  
Act 68 of 1973; Ark. Code Ann. § 26-52-405  
\$51,200,000
9. Sales of feedstuffs used in the commercial production of livestock or poultry. Act 94 of 1955; Ark. Code Ann. § 26-52-404(a)  
\$98,541,351
10. Sales of machinery and equipment used exclusively and directly in farming for commercial purposes, including machinery and equipment used for production of sod and nursery products.  
Act 432 of 1981, Act 1033 of 1999; Ark. Code Ann. § 26-52-403  
\$25,983,750
11. Irrigation pipe carrying water from the well to the crop is exempt as farm equipment. Act 587 of 1995; Ark. Code Ann. § 26-52-403(a)(1)(B)(i)  
\$475,275
12. Sales of livestock reproduction equipment or substances. Act 2168 of 2005; Ark. Code Ann. §26-52-439  
\$27,776

#### INDUSTRIAL MACHINERY OR EQUIPMENT EXEMPTIONS

1. Sale of machinery and equipment used directly in manufacturing or processing. Act 5 of 1968(1st Ex. Sess.), Act 841 of 1985; Ark. Code Ann. § 26-52-402  
\$85,373,388
2. Sale of pollution control machinery and equipment utilized by manufacturing or processing plants or facilities or cities or towns in Arkansas to prevent or reduce air or water pollution. Act 5 of 1968(1st Ex. Sess.); Ark. Code Ann. § 26-52-402(a)(3) and 26-53-114(a)(3)  
\$15,470,607
3. The first \$50,000 of the purchase price of timber harvesting equipment is exempt if the purchaser's primary activity is harvesting timber and if the equipment is used exclusively for harvesting timber.  
Act 1334 of 1999, Act 622 of 2001; Ark. Code Ann. 26-52-431  
\$378,134
4. Sales of fuel packaging materials and machinery and equipment (including analytical equipment and chemicals) used in the business of processing hazardous and non-hazardous waste into fuel products.  
Act 1683 of 2001; Ark. Code Ann. §26-52-401(36)  
\$43,709
5. Chemicals, catalysts, and reagents consumed in manufacturing. Act 854 of 1999; Ark. Code Ann. §26-52-401(35)  
\$21,100,000

## ENERGY EXEMPTIONS

1. Sale of electricity used in the manufacture of aluminum metal by the electrolytic reduction process.  
Act 986 of 1987; Ark. Code Ann. § 26-52-401(24) No current production or corresponding revenue loss.
2. Sales of natural gas used in the process of manufacturing glass.  
Act 1140 of 1993; Ark. Code Ann. § 26-52-423  
\$130,268
3. Sales of natural gas and electricity to qualified manufacturers of steel.  
Act 48 of 1987; Ark. Code Ann. § 26-52-903  
\$6,582,349
4. Sales of railroad ties, solid waste (except for wood byproducts and chips), used motor oil and other petroleum based waste, and waste fuel if used as fuel in manufacturing operations.  
Act 1024 of 1993, Act 1134 of 1995, Act 825 of 1997; Ark. Code Ann. § 26-52-425  
\$285,745
5. Sale of gas produced from “biomass” and sold for the purpose of generating energy, which is then sold back to the gas producer.  
Act 999 of 1997; Ark. Code Ann. § 26-52-429(a)  
\$41,482
6. Sales of natural gas and electricity used in wall and floor tile manufacturing if construction began before 1/1/2003.  
Act 1375 of 2001; Ark. Code Ann. §26-52-435  
\$0
7. Sale of electricity used for production of chlorine and other chemicals using a chlor-alkali manufacturing process.  
Act 877 of 2005; Ark. Code Ann. §26-52-438  
\$0
8. Partial sales tax exemption (3.25% rate in FY2011) on manufacturers’ use of natural gas and electricity.  
Act 185 of 2007, Acts 691 and 695 of 2009; Ark. Code Ann. §26-52-319  
\$18,449,277.
9. Sales of natural gas and electricity used in the manufacture of new motor vehicle tires. Act 548 of 2007; Ark. Code Ann. §26-52-441  
\$733,109

## EXEMPTIONS FOR LOCAL GOVERNMENTS OTHER THAN SCHOOL DISTRICTS

1. Sales by municipalities or counties of tickets or admissions to places of amusement or athletic, entertainment, or recreational events.  
Act 509 of 1981, Act 657 of 2007; Ark. Code Ann. § 26-52-411  
\$150,377
2. Sales to Public Housing Authorities.  
Act 298 of 1937; Ark. Code Ann. § 14-169-235  
\$3,532,842

3. Sales to Regional Water Distributions Districts. Act 114 of 1957; Ark. Code Ann. § 14-116-405  
\$4,394,706
4. Sales to Regional Airport Authority organized under Ark. Code Ann. 14-362-101. Act 17 of 1968;  
Ark. Code Ann. § 14-362-121  
\$360,144
5. Fire protection equipment and emergency equipment (including motor vehicles used for this  
purpose) to be owned by and exclusively used by volunteer fire departments.  
Act 1010 of 1995; Act 1473 of 2003; Ark. Code Ann. § 26-52-434(a)  
\$460,507
6. Construction supplies and materials used in construction and maintenance of volunteer fire  
departments.  
Act 441 of 1997; Act 1473 of 2003; Ark. Code Ann. § 26-52-434(b)  
\$391,085
7. County purchases of law enforcement aircraft thermal imaging equipment. Act 767 of 2009; Ark.  
Code Ann. §26-52-442  
\$9,900

#### EXEMPTIONS FOR NON-PROFIT, RELIGIOUS OR CHARITABLE ORGANIZATIONS

1. Sales to Boys' and Girls' Clubs of America and any local Councils. Act 252 of 1977 & Act 630  
of 1979; Ark. Code Ann. § 26-52-401(8)  
\$59,394
2. Sales to The Poets Roundtable of Arkansas.  
Act 630 of 1979; Ark. Code Ann. § 26-52-401(9)  
\$120
3. Sales to Boy Scouts of America and Girl Scouts of America and any Scout Councils located in  
Arkansas.  
Act 922 of 1975; Ark. Code Ann. § 26-52-401(7)  
\$106,981
4. Sales to 4-H Clubs and FFA Clubs located in Arkansas, the Arkansas 4-H Foundation, the  
Arkansas Future Farmers of America Foundation, and the Arkansas Future Farmers of America  
Association.  
Act 630 of 1979; Ark. Code Ann. § 26-52-401(10)  
\$71,645
5. Sales to Orphans' homes and Children's homes in Arkansas, not operated for profit, and  
operated by church, religious or other charitable organizations.  
Act 82 of 1949; Ark. Code Ann. § 26-52-413  
\$44,892
6. Sales to Humane Societies not operated for profit and organized for the prevention of  
cruelty to animals.  
Act 417 of 1979; Ark. Code Ann. § 26-52-414  
\$83,354
7. Sales of food to governmental agencies for free distribution to any public, penal, or  
eleemosynary institution or for free distribution to the poor and needy.  
Act 386 of 1941; Ark. Code Ann. § 26-52-401(19)  
\$75,401

8. Sales by churches and charitable organizations not engaged in business for profit. Act 386 of 1941; Ark. Code Ann. § 26-52-401(1) & § 26-52-401(2)  
\$559,881
9. Sales to any hospital, sanitarium, or not-for-profit nursing homes operated for charitable and non-profit purposes.  
Act 386 of 1941; Ark. Code Ann. § 26-52-401(21)  
\$103,507,885
10. Sales to non-profit organizations whose sole purpose is to provide temporary housing to the family of patients in a hospital or sanitarium.  
Act 753 of 1989; Ark. Code Ann. § 26-52-401(21)  
\$2,344
11. Sales of new motor vehicles to a veteran of the U.S. Armed Services who is blind as a result of a service-connected injury.  
Act 70 of 1979; Ark. Code Ann. § 26-52-415(a)  
\$6,475
12. Sales to Fort Smith Clearing House.  
Act 913 of 1993; Ark. Code Ann. § 26-52-424  
\$8,480
13. Sales to federally chartered credit unions.  
Act 386 of 1941; Ark. Code Ann. § 23-35-103  
\$1,460,016
14. Sales of articles sold on the premises of the Arkansas Veterans' Home. Act 386 of 1941; Ark. Code Ann. § 26-52-401(25)  
\$1,671
15. Sales to Habitat for Humanity.  
Act 516 of 1995; Ark. Code Ann. § 26-52-401(31)  
\$111,954
16. Sales to the Salvation Army.  
Act 603 of 1997; Ark. Code Ann. § 26-52-401(33)  
\$93,758
17. Sales to Heifer Project International, Inc.  
Act 1222 of 1997; Ark. Code Ann. § 26-52-401(34)  
\$178,225
18. Sales by gift shops operated by charitable organizations at for-profit hospitals.  
Act 628 of 2001; Ark. Code Ann. §26-52-430(c)(2)  
\$3,278
19. Sales to the Arkansas Symphony Orchestra Society.  
Act 2132 of 2005; Ark. Code Ann. §26-52-401(37)  
\$6,843
20. Sales to Arkansas Search Dog Association, Inc.  
Act 1176 of 2009; Ark. Code Ann. §26-52-443  
\$1,000

21. Hospital and Medical Service Corporations.  
Act 148 of 1959; Ark. Code Ann. §23-75-120  
\$200,000
22. Arkansas National Guard – sales by canteen.  
Act 489 of 1977; Ark. Code Ann. §12-63-406  
\$900,000

#### AVIATION OR AEROSPACE

1. Sales of new or used aircraft of less than \$2,000. Act 3 of 1991; Ark. Code Ann. § 26-52-505(b)  
\$835
2. Aircraft held for resale that is used in a charter service for a period of 24 months from the date of purchase.  
Act 499 of 1995; Ark. Code Ann. § 26-52-409  
\$2,457,207

#### EXEMPTIONS FOR SCHOOL DISTRICTS AND OTHER EDUCATIONAL INSTITUTIONS

Arkansas taxes sales to itself and to the local governments.

1. Sales of school buses to school districts in Arkansas or to other purchasers if they exclusively use buses to provide school bus service under contract with an Arkansas school district.  
Act 339 of 1947, Act 1303 of 1997; Ark. Code Ann. § 26-52-410(b) and (c)  
\$2,845,947
2. Sales of motor vehicles to municipalities, counties, state-supported colleges, state supported universities, or public school districts in Arkansas.  
Act 49 of 1971; Ark. Code Ann. § 26-52-410(a)  
\$1,206,606
3. Motor vehicles purchased by technical or community colleges and used exclusively for training purposes.  
Act 1297 of 1995; Ark. Code Ann. § 6-51-101(a)(1)  
\$12,428
4. Sales of food in public, common, high school or college cafeterias and lunchrooms. Act 386 of 1941; Ark. Code Ann. § 26-52-401(3)  
\$5,220,039
5. Sales of textbooks and other instructional materials (including sheet music, electronic software, maps, globes, charts, DVDs, etc.) purchased by an Arkansas school district or Arkansas public school that receives state funding, or purchased by the State of Arkansas for free distribution to Arkansas school districts or Arkansas public schools. .  
Act 605 of 1995, Act 1441 of 2005; Ark. Code Ann. § 26-52-437  
\$2,506,586
6. Sales of tickets for admissions to athletic events and interscholastic activities at public and private elementary and secondary schools in Arkansas.  
Act 516 of 1973; Ark. Code Ann. § 26-52-412(a)  
\$1,376,428

7. Sales of tickets for admission to athletic events at public or private universities and colleges in Arkansas.  
Act 124 of 1995; Ark. Code Ann. § 26-52-412(b)  
\$2,439,885
8. Sales tax exemption for parking space charges or fees by state institutions. Act 2162 of 2005; Ark. Code Ann. §25-17-307(a)(2)(B)  
\$135,385

#### OTHER EXEMPTIONS

1. Sales of automobile parts which constitute "core charges" which are received for the purpose of securing a trade-in for the article purchased.  
Act 986 of 1987; Ark. Code Ann. § 26-52-401(26)  
\$54,723
2. Services provided by coin-operated car washes where the labor is performed solely by the customer or mechanical equipment.  
Act 181 of 1973; Ark. Code Ann. § 26-52-301(3)(B)(ii)  
\$134,417
3. Admission fees at state, district, county or township fairs. Admission fees to rodeos. Act 386 of 1941; Ark. Code Ann. § 26-52-401(15)  
\$287,369
4. Repair or remanufacture of industrial metal rollers.  
Act 89 of 1989 (3rd Ex. Sess.); Ark. Code Ann. § 26-52-301(3)(B)(v)  
\$6,475
5. Isolated sales not made by an established business or in an established manner. This exemption does not apply to the sale of motor vehicles, trailers, semi-trailers, mobile homes, or airplanes.  
Act 386 of 1941; Ark. Code Ann. § 26-52-401(17)  
\$422,241
6. Sales of used property if item was taken in trade and tax was collected on the full purchase price of the new item.  
Act 386 of 1941; Ark. Code Ann. § 26-52-401(22)  
\$6,880,889
7. Construction materials and furnishings for use in the initial construction and equipping of a child care facility operated by a business for the primary purpose of providing child care services to their employees.  
Act 850 of 1995; Ark. Code Ann. § 26-52-516  
\$87,202
8. Sales of motor vehicles to persons engaged in the business of renting licensed motor vehicles.  
Act 1059 of 1993, Act 182 of 2007; Ark. Code Ann. § 26-63-302 and 26-63-304  
\$6,915,743
9. Fees charged for the transfer of fill material by a business engaged in transporting or delivering fill material, provided such fill material was obtained free of charge by a business engaged in transporting or delivering fill material and the charge to the customer or user is only for delivery.  
Act 1183 of 1993; Ark. Code Ann. § 26-52-401(30)  
\$328,233



10. Sales of new manufactured homes and modular homes are taxed on 62% of the gross sales price. Sales of used manufactured and modular homes are exempt.  
Act 1192 of 1997, Act 2254 of 2005; Ark. Code Ann. § 26-52-802  
\$3,414,140
11. Any interstate or international private communications service and any interstate or international 800 service or 900 service.  
Act 1273 of 2003; Ark. Code Ann. § 26-52-15  
Unknown.
12. Sales of new aircraft manufactured or substantially completed in Arkansas to a purchaser for use exclusively outside Arkansas.  
Act 377 of 1981; Ark. Code Ann. § 26-52-505(c)  
\$22,960,453
13. Repair or maintenance services of railroad parts, cars, and equipment brought into Arkansas for repair or maintenance, solely and exclusively and then returned to a point outside Arkansas.  
Act 848 of 1995; Ark. Code Ann. § 26-52-301(3)(B)(iii)  
\$5,599,345
14. Sale of vessels, barges, and towboats of at least fifty (50) tons load displacement and the parts and labor used in their repair and construction.  
Act 449 of 1979; Ark. Code Ann. § 26-52-407  
\$287,638
15. Sales tax exemption for gross receipts in excess of \$9,150 selling price of truck tractor (Class Five – Class Eight trucks) and gross receipts in excess of \$1,000 selling price of a semi-trailer.  
Act 551 of 2003; Ark. Code Ann. §26-52-436  
\$7,288,596
16. Sales tax exemption for purchases by a “Qualified Museum” for construction, repair, expansion, or operation. A “Qualified Museum” must have a collection with a value greater than \$100,000,000 in an Arkansas facility prior to January 1, 2013. The aggregate costs of construction and acquisition must exceed \$30 million.  
Act 1865 of 2005; Ark. Code Ann. §26-52-440  
\$2,700,000
17. Partial sales tax exemption (2.0% rate in FY2011) on food and food ingredients.  
Act 110 of 2007, Act 436 of 2009; Ark. Code Ann. §26-52-317  
\$176,046,787
18. Arkansas Entertainers Hall of Fame Board.  
Act 671 of 1985; Ark. Code Ann. § 13-9-104  
\$3,237

### III. EXEMPTIONS

#### EXEMPTIONS PASSED IN 2011 LEGISLATIVE SESSION

These exemptions are placed in an addendum to this FY2011 document because their impacts would not yet have been felt in FY2011.

Increase the sales tax exemption on food and food ingredients by 0.5% (e.g., reduce the sales tax rate from the 2.0% rate effective in FY2011 to 1.5% for FY2012 forward).

Act 755 of 2011; Ark. Code Ann. §26-52-317

\$20,800,000 incremental impact in FY2012.

Increase the sales tax exemption on manufacturers' use of natural gas and electricity (e.g., reduced the sales tax rate from 3.25% rate effective in FY2011 to 2.75% for FY2012 forward) and extend the exemption to high-efficiency electric power generators with a longer phase-in period.

Act 754 of 2011; Ark. Code Ann. §26-52-319

\$5,270,000 incremental impact in FY2012 and \$10,200,000 incremental impact in FY2013.

Increase the threshold for exemption on sales of new or used motor vehicles or trailers from \$2,500 to \$4,000 effective 1/1/2012.

Act 753 of 2011; Ark. Code Ann. § 26-52-510(b)(1)(B), 26-53-126(b)(2).

\$2,500,000 incremental impact in FY2012 and \$5,000,000 incremental impact in FY2013.

Sale of back-to-school supplies, clothing and clothing accessories on the first weekend (Saturday and Sunday) in August.

Act 757 of 2011; Ark. Code Ann. §26-52-444

\$2,120,000 in FY2012.

Agricultural water purchases that reduce groundwater use. Act 824 of 2011; Ark. Code Ann. §26-52-405(4)

\$0 impact in FY2012 because there will be virtually no use of water from public projects designed to substitute surface water use for groundwater use in eastern Arkansas until around 2015.

Sales to Arkansas Black Hall of Fame Foundation.

Act 998 of 2011; Ark. Code Ann. § 26-52-401(39)

\$3,000 impact in FY2012.

Sales of Class 7 and 8 trucks and semi-trailers.

Act 1058 of 2011; Ark. Code Ann. § 26-52-36

\$4,000,000 impact in FY2013.

There is no earlier impact because this exemption is effective on July 1, 2012.

Purchases of kegs by a wholesale manufacturer of beer that are used to sell beer wholesale.

Act 1226 of 2011; Ark. Code Ann. § 26-52-445

\$1,200 impact in FY2012.

## EXEMPTIONS PASSED IN 2013 LEGISLATIVE SESSION

### MANUFACTURING

Exempts pollution control machinery and equipment used in the refining of petroleum based products to remove Sulphur pollutants from the refined product. Repair parts and labor for this machinery are also exempted.

Act 233 of 2013; Ark Code 26-52-402(a)(3)(B)

Less than \$1M for FY2015 (\$120,000)

Establishes a partial refund of one percent (1%) of the state sales tax paid on the purchase of manufacturing repair or replacement parts purchased to modify, replace, or repair existing manufacturing machinery and equipment. The refund also applies to the purchase of labor to install or repair the equipment.

Act 1404 of 2013; Ark Code 26-52-447

\$5M for FY2016

Reduces the state sales tax rate for electricity and natural gas used in manufacturing by eligible manufacturers classified in section 31 through 33 of the North American Industry Classification System (NAICS); cotton gins classified in NAICS code 115111; and eligible high efficiency generators of electric power. The current rate is 1.625%. Effective July 1, 2015 the rate will be reduced to 0.625% (the constitutional levies for conservation and highways only) for manufacturers in NAICS Code 31 through 33 and cotton gins under code 115111. The rate for eligible electricity generators will remain at the rate of 1.625%.

Act 1411 of 2013; Ark Code 26-52-319

\$16.8M for FY 2015; \$27.2M for FY 2016

### MISCELLANEOUS

Sunsetts the 1.5% Long Term Leasing Tax for motor vehicle leases of more than 30 days after the number of vehicles leased is at least three percent (3%) of all new motor vehicles registered. The tax will expire on June 30, 2015.

Act 1164 of 2013; Ark Code 26-63-304(b)

\$2M for FY2015

Exempts non-profit blood donation organizations from state and local sales tax.

Act 1419 of 2013; Ark Code 26-52-449

Less than \$1M for FY2015 (\$120,000)

Exempts for sale of dental appliances to or by a dentist, orthodontist, oral surgeon, maxillofacial surgeon, or endodontist from state sales tax.

Act 1414 of 2013; Ark Code 26-52-448

\$2.1M for FY2015

### AGRICULTURAL

Exempts farmers engaged in commercial farming operations on the purchase of baling twine, net wrap, silage wrap, and other similar products used for baling, packaging, tying. Wrapping, or sealing animal feed products.

Act 1392 of 2013; Ark Code 26-52-408(3)

\$1.16M for FY2015

Exempts electricity, natural gas, and liquefied petroleum gas which are separately metered and used for commercial grain drying and storage.

Act 1401 of 2013; Ark Code 26-52-466

\$3.89M for FY2015

Exempt eligible purchases of timber harvesting equipment from state and local sales tax.

Act 1402 of 2013; Ark Code 26-52-431

Less than \$1M for FY2015 (\$700,000)

Exempts utilities used for qualifying agricultural structures and qualifying aquaculture and horticulture equipment. Utilities eligible for the exemption are electricity, natural gas, and electricity and must be separately metered.

Act 1441 of 2013; Ark Code 26-52-450

\$10M for FY2015

## EXEMPTIONS PASSED IN 2015 LEGISLATIVE SESSION

Act 691 of 2015 provides a sales and use tax exemption for the lessee of property located at an intermodal authority on the lessee's purchase of tangible personal property and services. No current revenue impact available - no eligible taxpayers at this time.

Act 1125 provides an exemption for sand and other proppants used to complete a new oil or gas well or to re-complete, redrill, or expand an existing well. \$390,000 for FY 2016 (10 months only).

Act 1126 creates an exemption for the collection of solid waste for saltwater, drilling fluids, hydraulic fracturing fluids, produced water, pit water, pit mud, and similar materials produced from oil, gas, and other natural resource exploration. \$300,000 for FY 2016 (10 months only).

Act 1182 creates an exemption for the sale of aircraft brought into Arkansas when the seller and purchaser are both residents of another state and the aircraft will be based outside of Arkansas. No revenue impact since these sales are not currently completed in Arkansas.

## MOTOR FUEL TAX SECTION

STATUTE CITE	COMMON NAME	TAX AFFECTED	TYPE OF TAX BREAK	BRIEF DESCRIPTION	ANNUAL REV LOSS	ANNUAL PERIOD	PERIOD TYPE	COMMENTS
26-55-210	Border Zone	Motor Fuel Tax	Exemption	Border zone permit holders tax is 1 cent higher than the bordering state fuel tax	\$ 3,726,507.40	2014	Calendar Year	AR tax rate is higher than all border states
26-74-214	Aviation fuel	Motor Fuel Tax	Exemption	No motor fuel tax is charged on aviation fuel only sales tax	\$ 348,420.40	2014	Calendar Year	If sales tax charged then motor fuel is not
26-55-230	Gasoline Shrinkage allowance	Motor Fuel Tax	Credit	A 3% discount is allowed on the first 1 million taxable gallons on gasoline only	\$ 4,921,613.59	2014	Calendar Year	MFT account holders get a discount
26-56-702	Fire Department Refunds	Motor Fuel Tax	Refund	Fire departments that purchase clear diesel or gasoline are entitled to refunds	\$ 17,211.59	2014	Calendar Year	These do not have access to dyed diesel
26-55-404	Municipal Bus Refunds	Motor Fuel Tax	Refund	City buses that purchase gasoline, the fuel tax is refunded	\$ 26,927.05	2014	Calendar Year	Only a few receive refunds of this type
26-56-224	Dyed Diesel Exemptions	Motor Fuel Tax	Exemption	All municipal buses along with barges/vessels and railroads are exempt.	\$ 4,910,705.33	2014	Calendar Year	This revenue loss could vary depending on if the fuel is purchased in AR.

**MISCELLANEOUS TAX SECTION**

STATUTE CITE	COMMON NAME	TAX AFFECTED	TYPE OF TAX BREAK	BRIEF DESCRIPTION	ANNUAL REV LOSS	ANNUAL PERIOD	Allocation of Funds	COMMENTS
Ark. Code Ann. § 2-35-301 et seq. and § 2-35-401 et seq.	Beef Promotion and Research Fees	\$1.00 per head of cattle sold in the state	Refund	Any cattle producer may request a refund of the fees deducted from the cattle sale proceeds through request to DFA within forty-five (45) days from the date of sale. The fee is levied at \$1.00 per head on cattle sold in the state.	Less than \$1 Million Annually	2014	Special Revenues	50% of funds received deposited to National Beef Promotion Account and 50% deposited to the State Beef Promotion Account
Ark. Code Title 3	Beer Excise Tax	\$7.50 per barrel of beer or malt beverage sold or offered for sale within the state	Exemption of Beer Excise Tax on sales to military facilities		Less than \$1 Million Annually	2014	General Revenues	
Ark. Code Ann. § 3-7-116 (b)	Beer Excise Tax - Arkansas Microbrewery and Small Brewery Tax Rebates	Beer Excise Tax	Tax Rebate	All Beer Excise Taxes paid by Arkansas Microbreweries and Small Breweries are rebated on an annual basis to the brewery	Less than \$1 Million Annually	2014	General Revenue	2014 Beer Excise Taxes rebated to Arkansas Microbreweries and Small Breweries in 2015 - \$64,390 actual cost.
Ark. Code Ann. § 23-114-601	Bingo Tax on Bingo Faces	State and Local Sales and Use Tax	Tax Exemption	Bingo faces subject to the \$.003 face tax are exempt from sales and use taxes	Less than \$1 Million Annually	2014		
Ark. Code Ann. §2-9-110	Catfish Promotion Fee	\$5.00 per ton of catfish feed sold within the state	Refund	The catfish producer may request and receive a refund of such assessment, provided he or she makes a written application therefor with the Director of the Department of Finance and Administration within sixty (60) calendar days after the date of sale, supported by copies of sales slips from the seller of the catfish feed and a refund form approved by the Arkansas Catfish Promotion Board.	Less than \$1 Million Annually	2014	General & Special Revenue	The revenues from this assessment are deposited into the Ark. Catfish Promotion Fund.
Ark. Code Ann. §26-57-236(f)(2)	Stamp Deputy Commission	Cigarette Excise Tax	Commission	A commission is paid to each stamp deputy for the sale of cigarette tax stamps, the affixing of a cigarette tax stamp to each package of cigarettes, and the collection of cigarette taxes.	\$5,536,629.00	2014	General & Special Revenue	
Ark. Code Ann. §26-57-236(5)	Bond Allowance	Cigarette Excise Tax	Line of Credit	Bond Allowance - Stamp Duty can hold a debt up to 75% of the bond amount	\$16,470,500.00	2014	General & Special Revenue	
Ark. Code Ann. §26-57-801	Tax Free Stamp	Cigarette Excise Tax	Exemption	Cigarette's sold on military installments.	Less than \$1 Million Annually	2013		
Ark. Code Ann. §26-57-236(5) & §26-57-208	Cigarette Excise Tax - Border Zone Stamps	\$10.50 per (1000) cigarettes sold within the state.	Price Matching for states bordering AR other than TX.	The tax on cigarettes shall be at the rate imposed by law on cigarettes sold in the adjoining state when the cigarettes are sold in an Arkansas city or incorporated town whose corporate limits adjoin the corporate limits of an Arkansas border city.	\$3,830,311.75	2014	General & Special Revenue	The first \$3 million of the net revenue is deposited in the Aging and Adult Services Fund Account and the remainder into GR.
Ark. Code Ann. §6-55-106(b)	Commission	Construction Surcharge	Commission	A commission for the collection, enforcement, and administration of the proceeds of the surcharge shall be five percent (5%) of each permit surcharge collected for the cost of administration.	Less than \$1 Million Annually	2014	Trust	\$36,026.00 actual cost.
Ark. Code Ann. §6-55-106(a)	Non-Residential Construction Cap	Construction Surcharge	Exemption	Non-Residential Construction Cap - Only taxed on project up to \$2 million	Unable to Determine	2014	Trust	This \$ amount could not be obtained using the States Database and all other census data did not contain enough detailed information in order to make a determination.
Ark. Code Ann. §26-58-204	Salt Water Disposal Credit	Natural Gas Severance	Credit	Credit on severance tax of oil producer for the removal of Salt Water	Less than \$1 Million Annually	2014	General & Special Revenue	\$370,000.00 actual cost.
Ark. Code Ann. §26-58-209	Allowable Marketing Deductions	Natural Gas Severance	Deductions	Marketing costs are reasonable and necessary non-production costs incurred by the producer to enable the transport of gas from the well to the first purchaser, including costs for compressing the gas sold to the first purchaser, costs for dehydrating the gas sold to the first purchaser, costs for treating the gas sold to the first purchaser, and costs for delivering the gas sold to the first purchaser.	\$831,047,276.00	2014	General & Special Revenue	
Ark. Code Ann. §26-58-111	Federal Land Exemption	Natural Gas Severance	Exemption	Exempt from Tax (Federal acres)	\$8,651,791.00	2014	General & Special Revenue	
Ark. Code Ann. §§26-58-205 & 26-57-208	Salt Water Disposal Credit	Oil Severance Tax	Credit	Credit on severance tax of gas producer for the removal of Salt Water	Less than \$1 Million Annually	2014	General & Special Revenue	\$370,000.00 actual cost.
Ark. Code Ann. §§15-72-1001, 1002, & 1003	Enhanced Recovery, Re-establishment of Inactive Wells & Fields, Increased Vol. by New Technology, and Certificate of Discovery of Commercial Pool	Oil Severance Tax	Incentive/Credit/Exemption	An oil producer who initiates a program for the enhanced recovery of crude oil pursuant to a plan first approved by the Oil and Gas Commission for purposes of recovering the incremental oil from a well or group of wells which results in the production of a volume of crude oil in excess of the volume produced prior to the commencement of the project shall be granted a fifty percent (50%) reduction in the severance tax which would otherwise be required to be paid, as provided for in § 26-58-111(6), on the total quantity of the incremental increase in crude oil produced as a result of the approved enhanced recovery project. Any oil well which has been inactive and has failed to produce any volume of crude oil for a period of at least twelve (12) consecutive calendar months which is restored and reestablished as a producer of crude oil shall be exempt from the payment of severance taxes on the volume of production for a period of ten (10) years from and after the date upon which the production is reestablished. Any oil field established by the Oil and Gas Commission which has become inactive by the cessation of production for a period of not less than twelve (12) consecutive calendar months shall be exempt from the payment of severance taxes in the event production of crude oil from the field is reestablished with respect to all crude oil subsequently produced from the zones, horizons, and formations which had previously been productive but subsequently ceased to produce. If the utilization of new research technology results in the increased production of crude oil by an active field, as established by the Oil and Gas Commission, then the total quantity of the incremental increase in crude oil produced as a result of the new technology shall be exempt from severance tax.	Less than \$1 Million Annually	2014	General & Special Revenue	\$70,118.00 actual cost - This amount was based on the Tax Incentive/Credit amounts claimed on OIL-2 returns filed for this timeframe.

Ark. Code Ann. §27-67-210	Other Severance Taxes - Exempt Materials	Other Severance Taxes	Exemption	Ark. Code Ann. §27-67-210, titled "Sales and severance tax exemption – Sand and gravel". "When the Arkansas State Highway and Transportation Department, by lease or by oral or written agreement with the landowner, enters upon the land and severs sand and gravel for the purpose of using the sand and gravel in the repair, maintenance, or construction of state highways, then the department as the producer and the owner of the land shall not be liable for, nor shall they pay to the State of Arkansas, any sales or gross receipts taxes or severance taxes upon the sand and gravel."	Less than \$1 Million Annually	2014	General Revenue	\$1,717.80 actual cost - This figure is determined using actual severance data received from CFO of AHTD.
Ark. Code Ann. §26-57-211(c)(1)(A)(i)(ii) (excludes 2% discount on §26-57-805 tax (7%))	Timely Filing Discount	Other Tobacco Products	Discount	Other Tobacco Products - except cigars - mfrs inv cost	Less than \$1 Million Annually	2014	General, Special, & Trust	\$945,067.00 actual cost.
Ark. Code Ann. §26-60-102	Exempt Transactions	Real Estate Transfer	Exemption	Exemptions from this tax includes a transfer to or from the United States, the State of Arkansas, or any of the instrumentalities, agencies, or political subdivisions of the United States or the State of Arkansas, any instrument or writing given solely to secure a debt, any instrument solely for the purpose of correcting or replacing an instrument that has been previously recorded with full payment of the tax having been paid at the time of the previous recordation, an instrument conveying land sold for delinquent taxes, an instrument conveying leasehold interest in land only, an instrument, including a timber deed, that conveys or grants the right to remove timber from land if the instrument grants or conveys the right to remove timber for a period not to exceed twenty-four (24) months, an instrument given by one (1) party in a divorce action to other party to the divorce action as a division of marital property whether by agreement or order of the court, an instrument given in any judicial proceeding to enforce any security interest in real estate when the instrument transfers the property to the same person who is seeking to enforce the security interest, an instrument given to a secured party in lieu of or to avoid a judicial proceeding to enforce a security interest in real estate, an instrument conveying a home financed by the Federal Housing Administration, the United States Department of Veterans Affairs, or the United States Department of Agriculture Rural Development, if the sale price of the home is sixty thousand dollars (\$60,000) or less and the seller files with the county recorder of deeds a sworn statement by the buyer stating that neither the buyer nor the spouse of the buyer has owned a home within three (3) years of the date of closing and also stating the sale price of the home, an instrument conveying land between corporations, partnerships, limited liability companies, or other business entities or between a business entity and its shareholder, partner or member incident to the organization, reorganization, merger, consolidation, capitalization, asset distribution, or liquidation of a corporation, partnership, limited liability company, or other business entity, a beneficiary deed under ACA 18-12-608, and/or consideration of \$100 or less.	\$1,177,608.37	2014	General & Special	This amount was obtained by compiling the total property purchase amounts for this timeframe (\$356,851,021.08) which reported an exemption from the States real estate transfer tax stored in the States Database. Once this had been determined the tax was backed into that lump sum figure to get the total shown.
Ark. Code Ann. §26-57-904	Soft Drink Tax	\$2.00 per gallon on soft drink syrup and (21 cents) per gallon for each gallon of bottled soft drink or powder/base product used to produce a liquid soft drink.	Exemption	The following items are exempt from the tax - (1) Syrups, simple syrups, powders or base products, or soft drinks sold to the US Government; (2) Syrups, simple syrups, powders or base products, or soft drinks exported from Arkansas; (3) Powder or base product used in preparing coffee or tea; (4) Frozen concentrate or freeze-dried concentrate where water is added to produce a soft drink containing more than ten percent (10%) natural fruit juice or natural vegetable juice; (5) Soft drinks with more than 10% fruit juice or vegetable juice; (6) Syrups, simple syrups, powders or base products, or soft drinks sold by one (1) distributor, wholesaler, or manufacturer to another distributor, wholesaler, or manufacturer; (7) Any product sold in liquid or powder form for consumption by infants and referred to as "infant formula"; (8) Dietary supplements or for weight reduction; (9) Water with no flavoring; (10) Powder or other base product intended by the manufacturer to be sold for the purpose of domestically mixing soft drinks by the consumer; and (11) Any product containing milk or milk products.	Bottled Water - \$14 million Drinks containing more than 10% juice - \$5.6 Million Other items listed - Unable to Determine	2016	Trust	Figures obtained from the State Office of Economic Analysis as well as other online sources such as (www.thankaboutyourdrink.com). All revenues collected for this tax are deposited into the Ark. Medicaid Program Trust Fund.
Ark. Code Ann. §2-20-408	Soybean Promotion Fee	(\$0.02 cents) per bushel on all soybeans grown within the state.	Refund	The soybean producer may request and receive a refund of such assessment, provided he or she makes a written application therefor with the Arkansas Soybean Promotion Board or its designee, the Director of the Department of Finance and Administration, within forty-five (45) days from the date of sale, supported by copies of sales slips signed by the purchaser, and provided further, that the application is filed before the annual accounting is made of the funds not later than July 1 each year.	Less than \$1 Million Annually	2014	General & Special Revenue	(3%) of the revenue from this assessment is deposited into GR, and the amount thereof into the Ark. Soybean Promotion Board account.
Ark. Code Ann. §2-20-608	Wheat Promotion Fee	(\$0.01 cent) per bushel on all wheat grown within the state.	Refund	The Wheat producer may request a refund of the one cent per bushel fee paid at the time of sale that is withheld and reported by the purchaser.	Less than \$1 Million Annually	2014	General & Special Revenue	(3%) of the revenue from this assessment is deposited into GR, and the amount thereof into the Ark. Wheat Promotion Board account.
Ark. Code Ann. §3-5-901	Winery Grant Program	Wine Excise Tax	Incentive/Grant	In-State wineries using grapes, fruits, berries, or vegetables grown and produced in Arkansas and used by wineries located in this state in the production of wine.	Less than \$1 Million Annually	2014	General Revenue	\$375,000.00 actual cost.

**INDIVIDUAL INCOME AND CORPORATE INCOME TAX - TAX EXPENDITURES**

STATUTE CITE	COMMON NAME	TAX AFFECTED	TYPE OF TAX BREAK	BRIEF DESCRIPTION	IIT REV LOSS	CIT REV LOSS	FOOTNOTE	ANNUAL PERIOD	PERIOD TYPE	COMMENTS
Passed by Arkansas voters on 11-5-96	Political Contribution Credit	Income	Credit	Allows a credit up to \$50 per taxpayer for contributions made to an Arkansas political candidate, action committee, or party.	\$ 601,253	N/A		2014	Tax Year	
6-50-701	Existing Workforce Training	Income	Credit	Arkansas Existing Workforce Training Act of 1995	Impact shown on Tax Incentive section			2014	Tax Year	Must be certain business type as listed, 1/2 of amount paid by company for instruction with limits, No carryforward
15-4-2306	AR Public Roads Improvement Credit Act	Income	Credit	Taxpayer entitled to a credit against any Arkansas Income tax for contributions	\$ 0	\$ 0		2014	Tax Year	Credit equals up to 33% of contributions, limited to 50% of tax liability up to 3 years
15-4-2405 (a)	Recycling Tax Credit - Extension	Income	Credit	Qualified Steel manufacturer waste reduction, reuse, or recycling equipment tax credit	N/A	\$ 0		2014	Tax Year	Credit provided under 26-51-506 - Credit may carry forward up to 14 years , refundable within 3 years under 15-4-2406
15-4-2705	Advantage Arkansas Income Tax Credit	Income	Credit	Consolidated Incentive Act of 2003 - Job-creation tax credit	Impact shown on Tax Incentive section			2014	Tax Year	The income tax credit earned is a percentage of the annual payroll of the new full-time permanent employees and is earned each tax year for a period of five (5) years. Unused credits may be carried forward for nine (9) years beyond the year in which the credit was first earned. The Advantage Arkansas job creation credit cannot offset more than 50% of a business's income tax liability in any one tax year.
15-4-2706(b)	Ark Plus Income Tax Credit	Income	Credit	Consolidated Incentive Act of 2003 - Investment tax incentives	Impact shown on Tax Incentive section			2014	Tax Year	(10%) income tax credit to eligible businesses based on the total investment in a new location or expansion project, up to 9 year carryforward and limited to 50% of tax liability (increases for technology based on payroll average)
15-4-2708 (a)	Research and development tax credit	Income	Credit	Consolidated Incentive Act of 2003 - Research and development with Universities tax credits	Impact shown on Tax Incentive section			2014	Tax Year	eligible business that contracts with one or more Arkansas colleges or universities in performing research may qualify for a 33% income tax credit, 9 year carryforward - up to 100% of tax liability after other credits.
15-4-2708 (b)	In-House research Income Tax Credit	Income	Credit	Consolidated Incentive Act of 2003 - Research and development - in-house research	Impact shown on Tax Incentive section			2014	Tax Year	up to 20% of expenditures used on up to 100% of tax liability, up to 9 year carryforward
15-4-2708 (c)	In-house Research by Targeted Business	Income	Credit	Consolidated Incentive Act of 2003 - Research and development - targeted business tax credits	Impact shown on Tax Incentive section			2014	Tax Year	Up to 33% of qualified R&D expenditures by targeted business, 9 year carryforward period
15-4-2708 (d)	In-house Research - Strtegic Value Area	Income	Credit	Consolidated Incentive Act of 2003 - in-house research in Area of Strategic Value Income Tax Credit	Impact shown on Tax Incentive section			2014	Tax Year	Up to 20% of qualified R&D expenditures by targeted business, up to \$50,000, 9 year carryforward period
15-4-2709	Targeted Business Special Incentive	Income	Credit	Targeted Business Payroll Income Tax Credit.	Impact shown on Tax Incentive section			2014	Tax Year	income tax credit based on 10% of its annual payroll, with a cap of \$100,000 per year in earned income tax credits for a business that qualifies and is approved for this incentive. The incentive may be offered for a period not to exceed five (5) years.
15-4-2803	Biodiesel Incentive Act	Income	Credit	Biodiesel Incentive Act Tax Credit for biodiesel suppliers	Impact shown on Tax Incentive section			2014	Tax Year	equal to 5% of the cost of facilities and equipment used directly in the wholesale or retail distribution of biodiesel fuels, 3 year carryforward
15-4-3302	Equity Investment Tax Credit	Income	Credit	Equity Investment Act of 2007 Income tax credit	Impact shown on Tax Incentive section			2014	Tax Year	equal to 33 1/3 % of the actual purchase price paid for the equity interest to the business. The credit is limited to 50% of the state income tax, up to 9 year carryforward



STATUTE CITE	COMMON NAME	TAX AFFECTED	TYPE OF TAX BREAK	BRIEF DESCRIPTION	IIT REV LOSS	CIT REV LOSS	FOOTNOTE	ANNUAL PERIOD	PERIOD TYPE	COMMENTS
15-5-1304	Affordable Housing	Income	Credit	Affordable Neighborhood Housing Tax Credit Act of 1997	Impact shown on Tax Incentive section			2014	Tax Year	shall not exceed thirty percent (30%) of the total amount invested in affordable housing assistance activities and limited to \$750,000, 5 year carryforward
15-5-1401	Venture Capital Investment	Income	Credit	Venture Capital Investment	Impact shown on Tax Incentive section			2014	Tax Year	up to \$10 million, up to 5 year carryforward, limited to tax liability - non-refundable.
15-11-509	Tourism Development	Income	Credit	Tourism Project Development Tax Credits	\$ 0	\$ 0		2014	Tax Year	equal to four-percent (4%) of the payroll of the new full-time permanent employees of the approved tourism attraction project up to 9 years
20-86-109	Family Savings Initiative	Income	Credit	Allows a credit for Arkansas taxpayer who contributes to a fiduciary organization.	Impact shown on Tax Incentive section			2014	Tax Year	credit allowed is the lesser of the income tax due or \$25,000 per taxpayer. The total tax credit allowed for all taxpayers is \$100,000 per year
23-79-702	Phenylketonuria and Other Metabolic Disorders	Income	Credit	Allows a credit up to \$2,400 per year, per child for expenses for the purchase of medically necessary foods and low protein modified food products.	\$ 60,103	N/A		2014	Tax Year	
26-51-301(f)	Low Income Tax Credit	Income	Credit	The credit allows qualifying taxpayers to use the low income tax table to compute tax using a percentage from the regular tax table.	Unable to Determine		2	2014	Tax Year	
26-51-445	Adoption Expense Credit	Income	Credit	Allows a credit up to 20% of the federal credit allowed pursuant to IRC § 23 and 36C.	\$ 651,052	N/A		2014	Tax Year	
26-51-500	Delta Geotourism	Income	Credit	Delta Geotourism Act 518 of 2007	Impact shown on Tax Incentive section			2014	Tax Year	equal to 25% of the qualified investment up to \$250,000 carryforward of 5 years
26-51-501	Personal Tax Credit	Income	Credit	Allows a credit of \$26 for each taxpayer, dependent, over 65, 65 special, blind, deaf, and head of household/qualifying widower. ("65 Special" may be taken by any taxpayer age 65 or older who is not claiming a retirement exemption on their tax return.)	\$ 19,005,064	N/A		2014	Tax Year	
26-51-502(a) and (b)	Child Care Credit	Income	Credit	Allows a credit up to 20% of the federal credit allowed pursuant to IRC § 21.	\$ 5,169,569	N/A		2014	Tax Year	
26-51-502(c)	Early Childhood Program Credit	Income	Credit	Allows a credit up to 20% of the federal credit allowed for approved early childhood facility pursuant to IRC § 21. The credit is refundable.	\$ 102,892	N/A		2014	Tax Year	
26-51-503	Individuals With Developmental Disabilities Credit	Income	Credit	Allows a \$500 credit for taxpayers who have dependent(s) with developmental disabilities.	\$ 5,181,000	N/A		2014	Tax Year	
26-51-504	Other State Tax Credit	Income	Credit	Allows a credit for Arkansas residents for income taxes paid to another state on income taxed by both Arkansas and the other state.	\$ 55,550,015	N/A		2014	Tax Year	
26-51-506	Waste reduction, reuse and recycling credit	Income	Credit	Economic incentive for investment in equipment used in waste reduction, reuse or recycling	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 30% of qualifying investment
26-51-507 and 508	Employer Provided Child Care Credit	Income	Credit	Allows a credit of 3.9% of the annual salary of employees providing child care services.	Impact shown on Tax Incentive section			2014	Tax Year	
26-51-509	Youth apprenticeship credit	Income	Credit	Economic incentive for employers to hire persons aged 16 to 21 in apprenticeship program	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 10% of qualifying salaries up to \$2,000 per apprentice
26-51-511	Coal mining credit	Income	Credit	Economic incentive to mine coal in Arkansas	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals \$2 per ton plus \$3 per ton over 50,000 tons of coal mined

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26-51-512	Rice straw credit	Income	Credit	Economic incentive to purchase rice straw for processing, manufacturing, generating energy or producing ethanol	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals \$15 per ton of rice straw purchased
26-51-513	Arkansas Historic Rehab	Income	Credit	Arkansas Historic Rehabilitation income tax credit act 26-51-2201 et seq.	Impact shown on Tax Incentive section			2014	Tax Year	equal to 25% of total qualified rehab expenses on the first \$500,000 expenses on income-producing property or first \$100,000 expenses on non-income-producing property, min \$25,000, 5 year carryforward
26-51-514	Cigarette receptacle credit	Income	Credit	Economic incentive to purchase cigarette receptacles	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 20% of purchase price of cigarette receptacles
26-51-1005	Water impoundment credit	Income	Credit	Economic incentive to construct, install or restore water impoundments	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 50% of costs up to \$90,000 credit per project 1006 repealed in 2011 for within critical are BIC 0036.
26-51-1007	Surface water conversion outside critical areas credit	Income	Credit	Economic incentive to reduce groundwater use by substitution of surface water	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 10% of cost up to \$27,000 credit
26-51-1008	Surface water conversion inside critical areas credit	Income	Credit	Economic incentive to reduce groundwater use by substitution of surface water	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 50% of costs up to \$1,000,000 credit per project
26-51-1009	Land leveling credit	Income	Credit	Economic incentive to level land to preserve irrigation water	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 10% of cost up to \$27,000 credit
26-51-1102(a)	Donation or sale of equipment to educational institutions	Income	Credit	Economic incentive to donate or sell below cost, equipment to an institution of higher education	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 33% of cost or sale price below cost
26-51-1102(b)	Qualified Research Expenditures	Income	Credit	Donations of sales to education institutions	Impact shown on Tax Incentive section			2014	Tax Year	equal to thirty-three percent (33%) of the qualified research expenditures of a taxpayer in qualified research programs, 9 year carryforward, 100 of tax
26-51-1102(c)	Research Park Authority	Income	Credit	donations of sales to education institutions	Impact shown on Tax Incentive section			2014	Tax Year	equal to thirty-three percent (33%) of a donation made to an accredited institution of higher education to support a research park authority, 9 years carryforward, 100% of tax
26-51-1504	Wetland & riparian zone credit	Income	Credit	Economic incentive for donating land for conservation purposes	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 50% of the value of the land up to \$50,000 credit
26-51-1603	Youth apprenticeship credit	Income	Credit	Economic incentive for employers to hire persons aged 16 to 21 in apprenticeship program	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 10% of qualifying salaries up to \$2,000 per apprentice
26-51-1702	Low income housing credit	Income	Credit	Economic Incentive to invest in low income housing	Impact shown on Tax Incentive section			2014	Tax Year	Credit equals 20% of federal low income housing credit
26-51-1902	Employee tuition reimbursement credit	Income	Credit	Economic incentive to pay for higher education tuition for employees	Impact shown on Tax Incentive section			2014	Tax Year	Credit equal to 30% of tuition paid by an employer
26-51-2401	AR Improvement Rehab & Development	Income	Credit	Arkansas Central Business Improvement District Rehab and Development Investment Tax Credit Act	\$ 0	\$ 0		2014	Tax Year	equal to twenty-five percent (25%) of qualified rehabilitation or development expenditures incurred for a qualified project up to the first: (1) Five hundred thousand dollars (\$500,000) on income-producing property; or (2) Two hundred thousand dollars (\$200,000) on non-income-producing property, 5 year carryforward. Law never became effective.
15-4-2404	NOL - Steel Manufactures Tax Exemption	Income	Deduction	Net Operating Loss deduction may carry forward up to 10 years	N/A	\$ 0		2014	Tax Year	
26-51-403(b)(1)	Deductions from Gross Income	Income	Deduction	Trade and business deductions. Includes gambling losses.	Unable to Determine		1	2014	Tax Year	

STATUTE CITE	COMMON NAME	TAX AFFECTED	TYPE OF TAX BREAK	BRIEF DESCRIPTION	IIT REV LOSS	CIT REV LOSS	FOOTNOTE	ANNUAL PERIOD	PERIOD TYPE	COMMENTS
26-51-403(b)(2)	Deductions from Gross Income	Income	Deduction	Trade and business deductions of employee.	Unable to Determine		2	2014	Tax Year	
26-51-403(b)(3)	Deductions from Gross Income	Income	Deduction	Employee expenses reimbursed by employer.	Unable to Determine		2	2014	Tax Year	
26-51-403(b)(4)	Deductions from Gross Income	Income	Deduction	Loss from the sale or exchange of property deduction.	Unable to Determine		2	2014	Tax Year	
26-51-403(b)(5)	Deductions from Gross Income	Income	Deduction	Deduction for property held for the production of rents and royalties.	Unable to Determine		2	2014	Tax Year	
26-51-403(b)(6)	Deductions from Gross Income	Income	Deduction	Certain deductions of life tenants and income beneficiaries of property.	Unable to Determine		2	2014	Tax Year	
26-51-403(b)(7)	Deductions from Gross Income	Income	Deduction	Deduction for certain portions of lump-sum distributions from pension plans.	Unable to Determine		2	2014	Tax Year	
26-51-403(b)(9)	Deductions from Gross Income	Income	Deduction	Deduction for alimony payments.	\$ 1,806,362	N/A		2014	Tax Year	
26-51-403(b)(10)	Deductions from Gross Income	Income	Deduction	Deduction for separate maintenance payments.	Included in Alimony 26-51-403(b)(9)			2014	Tax Year	
26-51-403(b)(11)	Deductions from Gross Income	Income	Deduction	Deduction for interest forfeited on a premature withdrawal from time savings account or deposit.	\$ 36,099	Less than \$1M		2014	Tax Year	
26-51-403(b)(12)	Deductions from Gross Income	Income	Deduction	Deduction allowed for cash payments to IRA	\$ 3,555,858	Less than \$1M		2014	Tax Year	
26-51-403(b)(13)	Deductions from Gross Income	Income	Deduction	Deduction for contributions by self-employed persons to pension, profit-sharing, and annuity plans.	\$ 6,398,956	N/A		2014	Tax Year	
26-51-403(b)(14)	Deductions from Gross Income	Income	Deduction	Deduction for border city exemption.	\$ 19,391,544	N/A		2014	Tax Year	
26-51-403(b)(15)	Deductions from Gross Income	Income	Deduction	Deduction for health insurance costs of self-employed persons.	\$ 6,490,114	N/A		2014	Tax Year	
26-51-403(b)(16)	Deductions from Gross Income	Income	Deduction	Deduction for contributions to a long-term intergenerational trust.	\$ 6,287	N/A		2014	Tax Year	
26-51-403(b)(17)	Deductions from Gross Income	Income	Deduction	Deduction for contributions to the Arkansas Tax-Deferred Tuition Savings Program.	\$ 627,793	N/A		2014	Tax Year	
26-51-414(a)(1)	Deferred Compensation Plans	Income	Deduction	Allows a deduction pursuant to IRC § § 72, 219, 401, 402-404, 406-416, 457 for annuities, retirement savings, and employee benefits.	Unable to determine		1	2014	Tax Year	
26-51-415	Interest	Income	Deduction	Allows a deduction for interest expense pursuant to IRC § 163.	Unable to determine	\$ 351,657,372	2	2014	Tax Year	Adopted IRC Sec. 163
26-51-416	Taxes	Income	Deduction	Allows a deduction for certain taxes.	Unable to determine	\$ 187,683,757	2	2014	Tax Year	
26-51-417(b)	Alimony	Income	Deduction	Allows a deduction for alimony payments pursuant to IRC § 215.	\$ 1,806,362	N/A		2014	Tax Year	
26-51-418	Individuals With Disabilities	Income	Deduction	Allows a deduction for the care of individuals with disabilities.	\$ 204,612	N/A		2014	Tax Year	
26-51-419	Charitable Contributions	Income	Deduction	Allows a deduction for charitable contributions pursuant to IRC § 170.	\$ 56,092,523	\$ 7,063,424		2014	Tax Year	
26-51-420	Education Service Cooperative Contributions	Income	Deduction	Allows a deduction for contributions to an education service cooperative.	Included in Charitable Contributions 26-51-419.			2014	Tax Year	

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26-51-422	Artistic, Literary, and Musical Donations	Income	Deduction	Allows a deduction for the fair market value of donated artistic, literary, and musical creations to museums, art galleries, or nonprofit charitable organizations.	Less than \$1M	Less than \$1M		2014	Tax Year	
26-51-423(a)(1)	Business Expenses	Income	Deduction	Allows a deduction for trade or business expenses pursuant to IRC § 162.	Unable to determine	\$ 8,698,842,921	2	2014	Tax Year	
26-51-423(a)(2)	Medical and Dental Expenses	Income	Deduction	Allows a deduction for medical and dental expenses pursuant to IRC § 213.	\$ 24,350,615	N/A		2014	Tax Year	
26-51-423(a)(3)	Travel Expenses	Income	Deduction	Allows a deduction for business travel expenses.	Unable to determine		2	2014	Tax Year	
26-51-423(a)(4)	Moving Expenses	Income	Deduction	Allows a deduction for moving expenses in connection with starting new employment at least 50 miles from previous residence pursuant to IRC § 217.	\$ 956,481	N/A		2014	Tax Year	
26-51-423(b)	Entertainment Expenses	Income	Deduction	Allows a deduction for business entertainment, amusement, recreation, meals, travel, etc. pursuant to IRC § 274.	Unable to determine		2	2014	Tax Year	
26-51-423(c)(1)	Self-Employed Insurance	Income	Deduction	Allows a deduction for self-employed health insurance premiums pursuant to IRC § 162.	\$ 516,820	N/A		2014	Tax Year	
26-51-423(d)	Student Loan Interest	Income	Deduction	Allows a deduction for student loan interest pursuant to IRC § 221.	\$ 3,035,938	N/A		2014	Tax Year	
26-51-423(e)	Environmental Expenses	Income	Deduction	Allows a deduction for the cleanup of certain hazardous substances pursuant to IRC § 198.	Unable to determine		1	2014	Tax Year	
26-51-423(f)	Handicap and Elderly Expenses	Income	Deduction	Allows a deduction to improve access to vehicles and facilities for handicapped and elderly persons pursuant to IRC § 190.	Unable to determine		1	2014	Tax Year	
26-51-423 (g)(1)	Related Party Expenses	Income	Deduction	interest and intangible-related expenses paid to related party	Unable to determine		1	2014	Tax Year	
26-51-423(h)	Reforestation Expenses	Income	Deduction	Allows a deduction regarding the amortization of qualified reforestation expenses pursuant to IRC § 194.	Unable to determine		2	2014	Tax Year	
26-51-424	Losses	Income	Deduction	Deductions for any loss incurred not compensated for by insurance. (Miscellaneous, casualty and theft, and hobby losses)	\$ 6,904,236	\$ 19,040,625		2014	Tax Year	Adopted IRC Sec 165(h), (i), and 183
26-51-425	Worthless Debts	Income	Deduction	Allows a deduction for debts ascertained to be worthless and charged off the books.	Unable to determine	\$ 224,857,815	2	2014	Tax Year	
26-51-426	Reserve for bad debts	Income	Deduction	Deductions for bad debt expense by banks and savings & loans	N/A	Unable to determine	2	2014	Tax Year	Adopted IRC Sec 582,582, 593
26-51-427	Net Operating Loss	Income	Deduction	Allows a deduction of net operating loss carryover for 5 years.	Unable to determine	\$ 84,849,977	2	2014	Tax Year	
26-51-428(a)	Depreciation	Income	Deduction	Allows a deduction for depreciation and the expensing of property pursuant to IRC § § 167,168(a)-(j), 179, and 179A.	Unable to determine	\$ 318,036,728	2	2014	Tax Year	
26-51-428(c)	Amortization of Goodwill	Income	Deduction	Allows a deduction for the amortization of goodwill and certain other intangibles pursuant to IRC § 197.	Unable to determine	\$ 25,995,779	2	2014	Tax Year	
26-51-429	Depletion	Income	Deduction	Allows a deduction for depletion of natural resources, oil, and gas wells pursuant to IRC § § 611-613, 614, 616, and 617.	Unable to determine	\$ 11,251,434	2	2014	Tax Year	

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26-51-430	Standard Deduction	Income	Deduction	Allows a standard deduction of \$2,000 per taxpayer. \$2,200 per taxpayer beginning in tax year 2015.	\$ 870,360,028	N/A		2014	Tax Year	
26-51-437	Miscellaneous Itemized Deductions	Income	Deduction	Allows a deduction for miscellaneous itemized deductions.	Unable to determine		1, 2	2014	Tax Year	
26-51-439 (a)	Capitalized Costs	Income	Deduction	Capitalization and inclusion in inventory costs of certain expenses	Unable to determine		1	2014	Tax Year	Adopted IRC Sec 263(a-h)
26-51-439 (b)	Start-Up Costs	Income	Deduction	capitalization and amortization of corporations start-up costs	Unable to determine		2	2014	Tax Year	Adopted IRC Sec 195
26-51-439 (c)	Organizational expenses	Income	Deduction	capitalization and amortization of corporations organization expenses	Unable to determine		2	2014	Tax Year	Adopted IRC Sec 248
26-51-440	Dividend Paid Deduction	Income	Deduction	Dividends paid by qualified "non captive" real estate investment trusts	Unable to determine		2	2014	Tax Year	Adopted Subchapter M of Sec 851
26-51-444	Soil and Water Conservation	Income	Deduction	Allows a deduction of certain expenditures related to soil and water conservation pursuant to IRC § 175.	Unable to determine		1	2014	Tax Year	
26-51-447	Tuition	Income	Deduction	Allows a deduction for tuition paid to post-secondary educational institutions.	Unable to determine		1, 2	2014	Tax Year	
26-51-450	Small Business Guaranty Fees	Income	Deduction	Allows a deduction for amounts paid to the United States Small Business Administration as a guaranty fee.	Unable to determine		1	2014	Tax Year	
26-51-453	Health Savings Account	Income	Deduction	Allows a deduction for amounts deposited to HSAs pursuant to IRC § 223(a)-(d), (e)(2), (f), and (g).	\$ 20,746,416	Unable to determine	1	2014	Tax Year	
26-51-457	Claim of Right	Income	Deduction	Allows a deduction for a substantial amount held under a claim of right pursuant to IRC § 1341(a)(1)-(3) and (b)(2).	Less than \$1M	Less than \$1M		2014	Tax Year	
26-51-458	Volunteer Firefighter	Income	Deduction	Allows a deduction for amounts paid by volunteer firefighters and not reimbursed by the fire department to purchase firefighting equipment up to \$1,000 a year.	Less than \$1M	N/A		2014	Tax Year	
26-51-1012	Deduction for Project Costs Above Tax Credit	Income	Deduction	Allows a deduction equal to the project cost less the total amount of tax credits for qualifying taxpayers claiming a credit in ACA 26-51 Subchapter 10 (Water Resource Conservation and Development Incentives Act).	Impact shown on Tax Incentive section			2014	Tax Year	
26-51-1203	Steel mill incentive	Income	Deduction	Economic incentive to invest at least \$120 million in a steel mill in Arkansas	N/A	Unknown		2014	Tax Year	
26-51-1801	Small Business Stock Capital Gains	Income	Deduction	Allows a deduction for a capital gain on the sale of qualified small business stock.	Unable to determine		2	2014	Tax Year	
26-51-2103	Organ Donor Deduction	Income	Deduction	Allows a deduction up to \$10,000 for living human organ donation.	Less than \$1M	N/A		2014	Tax Year	
26-51-206(b)	Church Passive Investment	Income	Exclusion	Income from rentals or gains on sales of dedicated property held only as a passive investment by a church are excluded from income tax.	N/A	Unable to determine	3	2014	Tax Year	
26-51-404(a)(4)	Scholarships, Fellowships, and Grants	Income	Exclusion	Excludes qualified scholarships, fellowships, and grants pursuant to IRC § 117 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(1)	Gain resulting from involuntary conversion of a taxpayer's property	Income	Exclusion	Excludes the gain resulting from the involuntary conversion of a taxpayer's property pursuant to IRC § 1033 from gross income.	Unable to determine	N/A	4	2014	Tax Year	

STATUTE CITE	COMMON NAME	TAX AFFECTED	TYPE OF TAX BREAK	BRIEF DESCRIPTION	IIT REV LOSS	CIT REV LOSS	FOOTNOTE	ANNUAL PERIOD	PERIOD TYPE	COMMENTS
26-51-404(b)(2)	Gain on sale of principal residence	Income	Exclusion	Excludes the gain from the sale or exchange of property owned and used as the taxpayer's principal residence pursuant to IRC § 121 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(3)	Certain Death Benefits	Income	Exclusion	Excludes the proceeds or benefits paid upon the illness or death of the insured person pursuant to IRC § 101 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(4)	Gifts	Income	Exclusion	Excludes the value of property acquired by gift, bequest, devise, or descent from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(5)	Interest	Income	Exclusion	Excludes the interest upon obligations of the U.S. or Arkansas or any political subdivision of Arkansas from gross income.	Unable to determine		2	2014	Tax Year	
26-51-404(b)(6)	Workers' Comp, Social Security, Railroad Retirement, and Unemployment	Income	Exclusion	Excludes workers' comp, Social Security payments, railroad benefits, and unemployment compensation from gross income.	Unable to determine	N/A	2	2014	Tax Year	
26-51-404(b)(9)	Parsonage Allowance	Income	Exclusion	Excludes the rental value of parsonages from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(10)	Discharge of Indebtedness	Income	Exclusion	Excludes the discharge of indebtedness pursuant to IRC § 108 and 1017 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(11)	Cafeteria Plan	Income	Exclusion	Excludes payments received under a cafeteria plan pursuant to IRC § 125 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(12)	Dependent Care Assistance	Income	Exclusion	Excludes dependent care assistance pursuant to IRC § 129 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(13)	Group Term Life Insurance	Income	Exclusion	Excludes group term life insurance cost pursuant to IRC § 79 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(14)	Disability and Health Plan	Income	Exclusion	Excludes disability and health plan payments pursuant to IRC § 1, 104, 105, and 106.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(15)	Moving Expenses	Income	Exclusion	Excludes moving expense reimbursements pursuant to IRC § 82 from gross income.	Unable to determine	N/A	1	2014	Tax Year	
26-51-404(b)(16)	Meals and Lodging	Income	Exclusion	Excludes meals or lodging pursuant to IRC § 119 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(17)	Cost-Sharing Payments	Income	Exclusion	Excludes from gross income certain cost-sharing payments pursuant to IRC § 126 primarily for the purpose of conserving soil, water or restoring environment, forests, and protecting wildlife habitats.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(18)	Foster Care	Income	Exclusion	Excludes qualified foster care payments pursuant to IRC § 131 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(19)	Fringe Benefits	Income	Exclusion	Excludes certain fringe benefits pursuant to IRC § 132 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(20)	Education Expenses	Income	Exclusion	Excludes education expenses paid by an employer pursuant to IRC § 127 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(21)	Long-Term Intergenerational Trust	Income	Exclusion	Excludes interest, dividends, and capital gains recognized on a long-term intergenerational trust from gross income.	Unable to determine	N/A	2	2014	Tax Year	
26-51-404(b)(22)	Individual Development Account	Income	Exclusion	Excludes interest and dividends earned on an individual development account and matching funds deposited from gross income.	Unable to determine	N/A	4	2014	Tax Year	

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26-51-404(b)(23)	Medicare Plus Choice MSAs	Income	Exclusion	Excludes Medicare Plus Choice medical savings accounts pursuant to IRC § 138 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(24)	Life Insurance, Endowment, and Annuity Contracts	Income	Exclusion	Excludes certain proceeds received under life insurance, endowment, and annuity contracts pursuant to IRC § 72 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(25)	Employer's Adoption Assistance Program	Income	Exclusion	Excludes benefits received under an employer's adoption assistance program pursuant to IRC § 137 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(26)	Health Savings Account	Income	Exclusion	Excludes contributions by an employer to an employee's HSA from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(27)	Military Benefits	Income	Exclusion	Excludes qualified military benefits pursuant to IRC § 134 from gross income.	Unable to determine	N/A	4	2014	Tax Year	
26-51-404(b)(28)	IRA Charitable Distributions	Income	Exclusion	Excludes distributions from IRAs for charitable purposes pursuant to IRC § 408(d)(8) from gross income.	Less than \$1M	N/A		2014	Tax Year	
26-51-815(c)	Small Business Stock	Income	Exclusion	Excludes the gain from certain small business stock pursuant to IRC § 1202 from income tax.	Unable to determine	N/A	2	2014	Tax Year	
Military Spouse Residency Relief Act, Public Law 111-97	Military Spouse Exemption	Income	Exemption	Exempts the income of a military member's spouse from income tax.	Unable to determine	N/A	2, 4	2014	Tax Year	
12-88-101 to 109	Disaster Response Exemption	Income	Exemption	Exempts out-of-state businesses and employees from certain taxes and regulations during a disaster period.	Less than \$1M	Less than \$1M		2015	Tax Year	
15-4-413	Small Business Growth Act of 85'	Income	Exemption	Bonds issued and interest on bonds exempt	Less than \$1M	Less than \$1M		2014	Tax Year	Jobs Creation by Stimulating Small Business Growth Act of 1985
15-4-524	Industrial Development Corps	Income	Exemption	Interest on bonds or other obligations under the act are exempt	Less than \$1M	Less than \$1M		2014	Tax Year	Industrial Development Corps
15-4-925	AR Development Finance Corp	Income	Exemption	Interest on bonds or other obligations under the act are exempt	Less than \$1M	Less than \$1M		2014	Tax Year	Arkansas Development Finance Corporation Act
15-4-1025	AR Capital Development Company	Income	Exemption	Income of a capital development company exempt	Unable to determine	N/A	2	2014	Tax Year	Arkansas Capital Development Company Act
15-4-3216	AR Amendment 82	Income	Exemption	Bonds issued and interest on bonds exempt for Amendment 82 projects	Unable to determine		2, 4	2014	Tax Year	Income tax exemption
20-3-111	ABLE	Income	Exemption	Exempts interest, dividends, and capital gains from funds invested in the ABLE Program and qualified distributions from income tax.	Less than \$1M	N/A		2015	Tax Year	
26-51-206	Exempt Income For Churches	Income	Exemption	Income from interest on the savings and investments from dedicated funds, from the sale of dedicated church property, and from rental of dedicated church property	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(1)	Exempt Fraternal Benefit Societies, Orders, or Associations	Income	Exemption	Exempts Organizations and Fraternities Operating Under the Lodge System	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(2)	Exempts Insurance Companies	Income	Exemption	Domestic Life and Disability Insurance Companies and Foreign Insurance Companies are Exempt.	N/A	Unable to determine (Pay Ins. Premium Tax instead of Income Tax)	4	2014	Tax Year	

STATUTE CITE	COMMON NAME	TAX AFFECTED	TYPE OF TAX BREAK	BRIEF DESCRIPTION	IIT REV LOSS	CIT REV LOSS	FOOTNOTE	ANNUAL PERIOD	PERIOD TYPE	COMMENTS
26-51-303(a)(3)	Exempts Cemetery Corporations	Income	Exemption	Cemeteries are exempt from paying income tax	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(4)	Business Leagues, Chambers of Commerce, Boards of Trade Not Organized for Profit	Income	Exemption	Nonprofit business leagues, chambers of commerce, and boards of trade are exempted.	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(5)	Civic leagues	Income	Exemption	Nonprofit Civic leagues or organizations operated for the promotion of social welfare are exempted.	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(6)	Farmers', Mutual Hail, Cyclone, And Fire Insurance Companies	Income	Exemption	Exempts certain insurance companies if 85% or more of the income consists of assessments, dues, and fees collected from members for the purpose of meeting losses and expenses.	N/A	Unable to determine (Pay Ins. Premium Tax instead of	4	2014	Tax Year	
26-51-303(a)(6)	Ditch or Irrigation Companies	Income	Exemption	Exempts mutual ditch or irrigation companies if 85% or more of the income consists of assessments, dues, and fees collected from members for the purpose of meeting losses and expenses.	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(6)	Mutual or Cooperative Telephone Companies	Income	Exemption	Exempts mutual or cooperative telephone companies if 85% or more of the income consists of assessments, dues, and fees collected from members for the purpose of meeting losses and expenses.	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(7)	Farmers', Fruit Growers', And Like Organizations	Income	Exemption	Exempts farmers and fruit growers organizations organized and operated as sales agents for the purpose of marketing the products of members and returning to the members the proceeds of sales on the basis of the quantity of produce furnished by the member.	N/A	Unable to determine	4	2014	Tax Year	Income not Paid out in patronage dividends is not exempt.
26-51-303(a)(8)	Labor, agricultural, or horticultural organizations	Income	Exemption	Exempts labor, agricultural, or horticultural organizations	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(9)	Corporations, trusts, community chest, fund or foundation	Income	Exemption	Exempts corporations, trusts, community chest, fund, or foundations organized and operated for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals	N/A	Unable to determine	4	2014	Tax Year	
26-51-303(a)(10)	Political organizations	Income	Exemption	Exempts political organizations	N/A	Unable to	4	2014	Tax Year	
26-51-304	Nonprofit Investment Income	Income	Exemption	Exempts income from investments made by a nonprofit organization from income tax.	N/A	Unable to determine	4	2014	Tax Year	
26-51-306	Military Exemption	Income	Exemption	Exempts service pay or allowances received by an active duty member of the armed services and combat zone compensation from income tax.	\$ 8,260,423	N/A		2014	Tax Year	
26-51-307	Retirement Exemption	Income	Exemption	The first \$6,000 of qualified retirement income is exempt from income tax.	\$ 224,826,733	N/A		2014	Tax Year	
26-51-308	Trust Exemption	Income	Exemption	Certain trusts forming part of qualified deferred compensation plans of employers for benefit of employees as described in IRC § 401(a) are exempt from income tax.	Unable to determine	N/A	2	2014	Tax Year	
26-51-310	Foreign Income Exclusion	Income	Exemption	Certain amounts of foreign earned income and housing costs are exempt from income tax.	Unable to determine	N/A	2	2014	Tax Year	



STATUTE CITE	COMMON NAME	TAX AFFECTED	TYPE OF TAX BREAK	BRIEF DESCRIPTION	IIT REV LOSS	CIT REV LOSS	FOOTNOTE	ANNUAL PERIOD	PERIOD TYPE	COMMENTS
26-51-311	Windmill Blade Exemption	Income	Exemption	Exempts a qualified windmill blade manufacturer from income tax.	N/A	Unable to determine	4	2014	Tax Year	
26-51-312	Windmill Blade and Windmill Component Limited Exemption	Income	Exemption	Limited exemption from income tax for qualified windmill blade and windmill component manufacturers.	N/A	Unable to determine	4	2014	Tax Year	
26-51-313	Biofuels Exemption	Income	Exemption	Exempts qualified drop-in biofuels manufacturers from income tax.	N/A	Unable to determine	4	2014	Tax Year	
26-51-314	Agricultural Disaster Programs	Income	Exemption	Exempts payments from an agricultural disaster program from income tax.	Less than \$1M	Less than \$1M		2015	Tax Year	
26-51-404 (b)(1)	Involuntary Conversion Gain	Income	Exemption	Gross income exemption - gains from involuntary conversion of property	Unable to determine		4	2014	Tax Year	Adopted IRC Sec. 1033
26-51-404 (b)(5)	US Interest Exemption	Income	Exemption	Exempts Interest on US, State of AR or local obligations	Unable to determine		2, 4	2014	Tax Year	
26-51-404 (b)(8)	Dividends Received	Income	Exemption	Dividends received from a subsidiary at least 80% owned	N/A	Unable to determine	2	2014	Tax Year	
26-51-404 (b)(10)	Discharge of Indebtedness	Income	Exemption	Exempts income for forgiveness of debt if no consideration	Unable to determine	N/A	4	2014	Tax Year	Adopted IRC Sec. 108 & 1017
26-51-417(a)	Child Support	Income	Exemption	Exempts child support payments from income tax pursuant to IRC § 71.	Unable to determine	N/A	4	2014	Tax Year	
26-51-448(a)	Coverdell Education Savings Account	Income	Exemption	Exempts Coverdell education savings accounts from income tax pursuant to IRC § 530.	Unable to determine	N/A	4	2014	Tax Year	
26-51-815(b)(1)	Capital Gains Exemption	Income	Exemption	Exempts 30% of net capital gains from income tax.	\$ 41,891,193	N/A		2014	Tax Year	
26-51-815(b)(2)	Capital Gains Exemption	Income	Exemption	Exempts 50% of capital gains from 1-1-15 to 1-31-15, 45% from 2-1-15 to 6-31-16, and 50% on and after 7-1-16.	\$ 10.6 M	N/A		2015	Tax Year	
26-51-815(b)(3)	Capital Gains Exemption	Income	Exemption	Exempts 100% of net capital gains in excess of \$10,000,000.	\$ 1.2 M	N/A		2014	Tax Year	
26-51-815(d)	Venture Capital Investment	Income	Exemption	Exempts 100% of net capital gain from a venture capital investment from income tax.	Unable to determine		2, 4	2014	Tax Year	
26-51-1310(f)(1)	Electronic Games of Skill	Income	Exemption	Gambling winnings received from electronic games of skill are not included as income on the individual's tax return. They are taxed at a flat 3% fee which is remitted to DFA.	\$ 0	N/A		2014	Tax Year	
26-51-1801	Small business stock capital gains	Income	Exemption	Economic incentive to invest in small business stock	Unable to determine		2, 4	2014	Tax Year	Exemption of 50% to 100% of capital gain based on number of years stock is held
Footnotes										
1 - This specific deduction is reported on a tax return as part of an aggregate number and cannot be separately identified.										
2 - Information is not currently captured for purposes of separate identification.										
3 - Non-taxable entity. No tax return filed.										
4 - Income not reported on any tax return.										