

1 State of Arkansas  
2 94th General Assembly  
3 Regular Session, 2023  
4

As Engrossed: H3/7/23

# A Bill

HOUSE BILL 1465

5 By: Representative Crawford  
6

## For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING BENEFITS PROVIDED  
9 TO DISABLED VETERANS; TO PROVIDE AN EXEMPTION FROM  
10 STATE SALES TAX FOR DISABLED *VETERANS* AND CERTAIN  
11 HOUSEHOLD MEMBERS OF DISABLED VETERANS; AND FOR OTHER  
12 PURPOSES.  
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### Subtitle

15 TO PROVIDE A STATE SALES TAX EXEMPTION  
16 FOR DISABLED VETERANS.  
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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22 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is  
23 amended to add an additional section to read as follows:

24 26-52-455. Disabled veterans.

25 (a) As used in this section, "disabled veteran" means a person who  
26 qualifies for a property tax exemption under § 26-3-306.

27 (b)(1) The gross receipts and gross proceeds derived from the sale of  
28 tangible personal property, specified digital products, a digital code, or  
29 services to a disabled veteran are exempt from the gross receipts tax levied  
30 by this chapter.

31 (2) The exemption provided in this section:

32 (A) Includes sales to a member of the disabled veteran's  
33 household who is authorized to make purchases on behalf of and for the  
34 benefit of the disabled veteran in the disabled veteran's absence;

35 (B) Applies only to sales made at a physical location in the  
36 state; and



1                   (C) Does not apply to:

2                                   (i) A sales and use tax levied by a local  
3 government; or

4                                   (ii) The compensating use tax levied by the Arkansas  
5 Compensating Tax Act of 1949, § 26-53-101 et seq.

6                   (c) To qualify for the exemption under this section and to receive an  
7 exemption card from the Department of Finance and Administration, a disabled  
8 veteran shall submit to the Department of Finance and Administration a letter  
9 from the United States Department of Veterans Affairs certifying that he or  
10 she is a disabled veteran under 26-3-306.

11                   (d)(1) The maximum amount that may be claimed in a calendar year by a  
12 taxpayer as an exemption under this section is twenty-five thousand dollars  
13 (\$25,000) per year for the disabled veteran or a household member authorized  
14 to make purchases on behalf of the disabled veteran in the disabled veteran's  
15 absence.

16                   (2) The Department of Finance and Administration may request a  
17 person claiming an exemption under this section to provide a statement  
18 executed under oath that the amount of the exemption claimed under this  
19 section has not exceeded the limitation provided in subdivision (d)(1) of  
20 this section.

21                   (3) If a taxpayer claiming an exemption under this section  
22 exceeds the limitation provided in subdivision (d)(1) of this section, the  
23 amount claimed as exempt in excess of the limitation shall be treated as a  
24 direct sales tax liability, and the Department of Finance and Administration  
25 may recover the sales tax, including any applicable penalties and interest,  
26 by the use of any method authorized by law.

27                   (e) The Department of Finance and Administration shall issue an  
28 exemption card to each eligible person who applies for an exemption card  
29 under this section.

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31                   SECTION 2. Arkansas Code § 26-73-113(a)(1)(A), concerning the  
32 alternative local sales and use tax, is amended to read as follows:

33                   (a)(1)(A) In lieu of using all or a portion of its authority to levy a  
34 sales and use tax solely to pay bonded debt under § 14-164-327, the governing  
35 body of any municipality or county may adopt an ordinance levying a tax in  
36 the amount of one-fourth of one percent (0.25%), one-half of one percent

1 (0.5%), three-fourths of one percent (0.75%), or one percent (1%) upon all  
2 taxable sales of property and services subject to the tax levied by the  
3 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., upon the sales of  
4 property and services exempt from the gross receipts tax under § 26-52-455,  
5 and upon the privilege of storing, using, distributing, or consuming within  
6 this state any tangible personal property which is subject to the Arkansas  
7 Compensating Tax Act of 1949, § 26-53-101 et seq. The ordinance or ordinances  
8 must specify that the tax is being levied under this law.

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10 SECTION 3. Arkansas Code § 26-74-212(a), concerning the applicability  
11 of the county sales tax levied for capital improvements, is amended to read  
12 as follows:

13 (a) A county sales tax levied under this subchapter or in § 26-74-301  
14 et seq. shall be applicable to sales of items and services sold by a  
15 business, including items and services exempt from the Arkansas Gross  
16 Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-455, and the tax  
17 shall be administered under the Arkansas Gross Receipts Act of 1941, § 26-52-  
18 101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et  
19 seq.

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21 SECTION 4. Arkansas Code § 26-74-312(b), concerning the administration  
22 and collection of the county sales and use tax for capital improvements, is  
23 amended to read as follows:

24 (b) In addition to the state gross receipts tax, the secretary shall  
25 collect an additional tax under the authority of this subchapter on the gross  
26 receipts from the sale of all items and services that are subject to the  
27 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas  
28 Compensating Tax Act of 1949, § 26-53-101 et seq., and all items and services  
29 exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq.,  
30 under § 26-52-455.

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32 SECTION 5. Arkansas Code § 26-75-214(b), concerning the administration  
33 and collection of the municipal sales and use tax for capital improvements,  
34 is amended to read as follows:

35 (b) In addition to the state gross receipts tax and compensating tax,  
36 the secretary shall collect an additional tax under the authority of this

1 subchapter on the receipts from the sale at retail or on the sale price or  
2 lease or rental price on the storage, use, distribution, or other consumption  
3 of all taxable items and services subject to the Arkansas Gross Receipts Act  
4 of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949,  
5 § 26-53-101 et seq., and all items and services exempt from the Arkansas  
6 Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-455.  
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8 SECTION 6. Arkansas Code § 26-75-405(a), concerning the items subject  
9 to the temporary municipal sales and use tax for the acquisition,  
10 construction, or improvement of parks, is amended to read as follows:

11 (a) When any city or town levies a sales and use tax pursuant to the  
12 authority granted in this subchapter, the tax shall be levied upon the same  
13 sales and the same items and services as are subject to taxation under the  
14 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas  
15 Compensating Tax Act of 1949, § 26-53-101 et seq., and upon the items and  
16 services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et  
17 seq., under § 26-52-455.  
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19 SECTION 7. Arkansas Code § 26-75-502(a), concerning the authority to  
20 levy a municipal gross receipts tax, is amended to read as follows:

21 (a) Any city of the first class or city of the second class having a  
22 population of not more than forty thousand (40,000) persons according to the  
23 most recent federal census and that has been or may in the future be  
24 designated as a model city under the Demonstration Cities and Metropolitan  
25 Development Act of 1966, 42 U.S.C. § 3301 et seq., by an ordinance passed by  
26 its governing body, may levy a tax for the benefit of the city of not to  
27 exceed one percent (1%) on gross proceeds or gross receipts derived from  
28 sales, as such sales and gross proceeds or gross receipts are defined in the  
29 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas  
30 Compensating Tax Act of 1949, § 26-53-101 et seq., and on sales of property  
31 and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101  
32 et seq., under § 26-52-455.  
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34 SECTION 8. Arkansas Code § 26-81-104(a)(1), concerning the amount of a  
35 tax levied under the Multicounty Airport and Riverport Financing Act, is  
36 amended to read as follows:

1 (a)(1) Any tax levied pursuant to the authority of this chapter shall  
2 be a tax equal to one percent (1%) on the sales price on items of personal  
3 property and services sold or to be used in the levying county to the extent  
4 of and subject to the exemptions with respect to the gross receipts tax and  
5 compensating use tax as set forth in the Arkansas Gross Receipts Act of 1941,  
6 § 26-52-101 et seq. and the Arkansas Compensating Tax Act of 1949, § 26-53-  
7 101 et seq., respectively, except that personal property and services exempt  
8 from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under §  
9 26-52-455 are subject to the tax levied under this section.

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11 SECTION 9. Arkansas Code § 26-82-102(9), concerning the definitions to  
12 be used under the Local Sales and Use Tax Economic Development Project  
13 Funding Act, is amended to read as follows:

14 (9) "Local sales and use tax" means a tax levied under this  
15 chapter on the gross proceeds or gross receipts derived from sales within a  
16 city or county of all items that are: ~~subject~~

17 (A) Subject to taxation under the Arkansas Gross Receipts  
18 Act of 1941, § 26-52-101 et seq., or the Arkansas Compensating Tax Act of  
19 1949, § 26-53-101 et seq.; and

20 (B) Exempt from the Arkansas Gross Receipts Act of 1941, §  
21 26-52-101 et seq., under § 26-52-455;

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23 SECTION 10. DO NOT CODIFY. EFFECTIVE DATE. Sections 1-9 of this act  
24 are effective on the first day of the calendar quarter following the  
25 effective date of this act.

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27 /s/Crawford  
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