

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

HOUSE BILL 1319

5 By: Representatives Crawford, Barnes, S. Berry, Breaux, John Carr, C. Cooper, Duffield, Ennett, D.
6 Garner, Gonzales Worthen, Gramlich, Hollowell, Hudson, L. Johnson, Lynch, McClure, McCullough, M.
7 McElroy, McGruder, Nazarenko, J. Richardson, Richmond, Rose, Rye, Steimel
8 By: Senators J. Boyd, A. Clark
9

For An Act To Be Entitled

11 AN ACT TO AMEND THE LAW CONCERNING TAX BENEFITS
12 PROVIDED TO DISABLED VETERANS; TO PROVIDE AN
13 EXEMPTION FROM STATE SALES TAX FOR DISABLED VETERANS,
14 SPOUSES OF DISABLED VETERANS, AND SURVIVING SPOUSES
15 OF DISABLED VETERANS; AND FOR OTHER PURPOSES.
16
17

Subtitle

19 TO PROVIDE AN EXEMPTION FROM STATE SALES
20 TAX FOR DISABLED VETERANS, SPOUSES OF
21 DISABLED VETERANS, AND SURVIVING SPOUSES
22 OF DISABLED VETERANS.
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is
27 amended to add an additional section to read as follows:

28 26-52-457. Disabled veteran, spouse of disabled veteran, and surviving
29 spouse of disabled veteran.

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

32 (b)(1) The gross receipts and gross proceeds derived from the sale of
33 tangible personal property, specified digital products, a digital code, or
34 services to a disabled veteran, a spouse of a disabled veteran, or a
35 surviving spouse of a disabled veteran if the surviving spouse has not
36 remarried are exempt from the gross receipts tax levied by this chapter.



1 (2) The exemption provided in this section:

2 (A) Applies only to sales made at a physical location in
3 the state; and

4 (B) Does not apply to:

5 (i) A sales and use tax levied by a local
6 government; or

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

9 (c) To claim the exemption allowed under this section:

10 (1) A disabled veteran shall:

11 (A) Obtain an identification card from the Department of
12 Veterans Affairs; and

13 (B) Present the identification card obtained under
14 subdivision (c)(1)(A) of this section at the time of an exempt purchase; and

15 (2) The surviving spouse of a deceased disabled veteran shall
16 submit a letter to the Department of Finance and Administration from the
17 United States Department of Veterans Affairs certifying that he or she is the
18 unremarried surviving spouse of a disabled veteran.

19 (d)(1) The maximum amount that may be claimed in a calendar year by a
20 taxpayer as an exemption under this section is five thousand dollars
21 (\$5,000).

22 (2) The Department of Finance and Administration may request a
23 person claiming an exemption under this section to provide a statement
24 executed under oath that the amount of the exemption claimed under this
25 section has not exceeded the limitation provided in subdivision (d)(1) of
26 this section.

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

33 (e) A seller accepting an identification card under this section to
34 process an exempt transaction shall:

35 (1) Use the serial number on the identification card to process
36 the exempt transaction; and

1 (2) Include each serial number used under subdivision (e)(1) of
2 this section on the sales tax report submitted under this chapter.

3 (f)(1) The Department of Veterans Affairs, in coordination with the
4 Department of Finance and Administration, shall issue an identification card
5 to each eligible person who applies for an identification card under this
6 section.

7 (2) An identification card issued under this subsection shall
8 include without limitation:

9 (A) A photograph of the disabled veteran to whom the
10 identification card is issued; and

11 (B) A unique serial number for purposes of verifying the
12 exemption allowed under this section.

13 (g) A person who claims an exemption under this section with a purpose
14 to defraud upon conviction is guilty of a Class C misdemeanor.

15 (h) The Department of Veterans Affairs and the Department of Finance
16 and Administration shall:

17 (1) Adopt rules to implement and administer this section; and

18 (2) Collaborate to:

19 (A) Ensure the secure issuance of identification cards to
20 disabled veterans; and

21 (B) Manage the exemption provided under this section.

22
23 SECTION 2. Arkansas Code § 26-73-113(a)(1)(A), concerning the
24 alternative local sales and use tax, is amended to read as follows:

25 (a)(1)(A) In lieu of using all or a portion of its authority to levy a
26 sales and use tax solely to pay bonded debt under § 14-164-327, the governing
27 body of any municipality or county may adopt an ordinance levying a tax in
28 the amount of one-fourth of one percent (0.25%), one-half of one percent
29 (0.5%), three-fourths of one percent (0.75%), or one percent (1%) upon all
30 taxable sales of property and services subject to the tax levied by the
31 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., upon the sales of
32 property and services exempt from the gross receipts tax under § 26-52-457,
33 and upon the privilege of storing, using, distributing, or consuming within
34 this state any tangible personal property which is subject to the Arkansas
35 Compensating Tax Act of 1949, § 26-53-101 et seq. The ordinance or ordinances
36 must specify that the tax is being levied under this law.

1
2 SECTION 3. Arkansas Code § 26-74-212(a), concerning the applicability
3 of the county sales tax levied for capital improvements, is amended to read
4 as follows:

5 (a) A county sales tax levied under this subchapter or in § 26-74-301
6 et seq. shall be applicable to sales of items and services sold by a
7 business, including items and services exempt from the Arkansas Gross
8 Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-457, and the tax
9 shall be administered under the Arkansas Gross Receipts Act of 1941, § 26-52-
10 101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et
11 seq.

12
13 SECTION 4. Arkansas Code § 26-74-312(b), concerning the administration
14 and collection of the county sales and use tax for capital improvements, is
15 amended to read as follows:

16 (b) In addition to the state gross receipts tax, the secretary shall
17 collect an additional tax under the authority of this subchapter on the gross
18 receipts from the sale of all items and services that are subject to the
19 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas
20 Compensating Tax Act of 1949, § 26-53-101 et seq., and all items and services
21 exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq.,
22 under § 26-52-457.

23
24 SECTION 5. Arkansas Code § 26-75-214(b), concerning the administration
25 and collection of the municipal sales and use tax for capital improvements,
26 is amended to read as follows:

27 (b) In addition to the state gross receipts tax and compensating tax,
28 the secretary shall collect an additional tax under the authority of this
29 subchapter on the receipts from the sale at retail or on the sale price or
30 lease or rental price on the storage, use, distribution, or other consumption
31 of all taxable items and services subject to the Arkansas Gross Receipts Act
32 of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949,
33 § 26-53-101 et seq., and all items and services exempt from the Arkansas
34 Gross Receipts Act of 1941, § 26-52-101 et seq., under § 26-52-457.

35
36 SECTION 6. Arkansas Code § 26-75-405(a), concerning the items subject

1 to the temporary municipal sales and use tax for the acquisition,
2 construction, or improvement of parks, is amended to read as follows:

3 (a) When any city or town levies a sales and use tax pursuant to the
4 authority granted in this subchapter, the tax shall be levied upon the same
5 sales and the same items and services as are subject to taxation under the
6 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas
7 Compensating Tax Act of 1949, § 26-53-101 et seq., and upon the items and
8 services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et
9 seq., under § 26-52-457.

10
11 SECTION 7. Arkansas Code § 26-75-502(a), concerning the authority to
12 levy a municipal gross receipts tax, is amended to read as follows:

13 (a) Any city of the first class or city of the second class having a
14 population of not more than forty thousand (40,000) persons according to the
15 most recent federal census and that has been or may in the future be
16 designated as a model city under the Demonstration Cities and Metropolitan
17 Development Act of 1966, 42 U.S.C. § 3301 et seq., by an ordinance passed by
18 its governing body, may levy a tax for the benefit of the city of not to
19 exceed one percent (1%) on gross proceeds or gross receipts derived from
20 sales, as such sales and gross proceeds or gross receipts are defined in the
21 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas
22 Compensating Tax Act of 1949, § 26-53-101 et seq., and on sales of property
23 and services exempt from the Arkansas Gross Receipts Act of 1941, § 26-52-101
24 et seq., under § 26-52-457.

25
26 SECTION 8. Arkansas Code § 26-81-104(a)(1), concerning the amount of a
27 tax levied under the Multicounty Airport and Riverport Financing Act, is
28 amended to read as follows:

29 (a)(1) Any tax levied pursuant to the authority of this chapter shall
30 be a tax equal to one percent (1%) on the sales price on items of personal
31 property and services sold or to be used in the levying county to the extent
32 of and subject to the exemptions with respect to the gross receipts tax and
33 compensating use tax as set forth in the Arkansas Gross Receipts Act of 1941,
34 § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-
35 101 et seq., respectively, except that personal property and services exempt
36 from the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., under §

1 26-52-457 are subject to the tax levied under this section.

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

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

9 (A) Subject to taxation under the Arkansas Gross Receipts
10 Act of 1941, § 26-52-101 et seq., or the Arkansas Compensating Tax Act of
11 1949, § 26-53-101 et seq.; and

12 (B) Exempt from the Arkansas Gross Receipts Act of 1941, §
13 26-52-101 et seq., under § 26-52-457;

14
15 SECTION 10. DO NOT CODIFY. EFFECTIVE DATE. Sections 1-9 of this act
16 are effective on the first day of the calendar quarter following the
17 effective date of this act.