

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

A Bill

HOUSE BILL 1671

5 By: Representative L. Johnson
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For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE GROSS RECEIPTS
10 TAX; TO CREATE A GENERAL SALES AND USE TAX EXEMPTION
11 FOR SALES TO QUALIFIED NONPROFIT ORGANIZATIONS; AND
12 FOR OTHER PURPOSES.
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Subtitle

15 TO AMEND THE LAW CONCERNING THE GROSS
16 RECEIPTS TAX; AND TO CREATE A GENERAL
17 SALES AND USE TAX EXEMPTION FOR SALES TO
18 QUALIFIED NONPROFIT ORGANIZATIONS.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is
24 amended to add an additional section to read as follows:

25 26-52-457. Sales to qualified nonprofit organization – Definition.

26 (a) As used in this section, "qualified nonprofit organization" means
27 an organization described in 26 U.S.C. § 501(c)(3), as it existed on January
28 1, 2025, that:

29 (1) Has an annual operating budget of less than two hundred
30 thousand dollars (\$200,000); and

31 (2) Performs charitable community-based services in the state to
32 benefit residents of the state that are in need of assistance.

33 (b) The gross receipts or gross proceeds derived from the sale of
34 tangible personal property, specified digital products, a digital code, or
35 services are exempt from the gross receipts tax levied by this chapter and
36 the compensating use tax levied by the Arkansas Compensating Tax Act of 1949,



1 § 26-53-101 et seq., if:

2 (1) The sale is made to a qualified nonprofit organization; and

3 (2) The total gross receipts or gross proceeds paid for the item
 4 or transaction is not more than two thousand dollars (\$2,000).

5 (c) A nonprofit organization requesting recognition as a qualified
 6 nonprofit organization shall file with the Secretary of the Department of
 7 Finance and Administration an application as prescribed by the secretary
 8 verifying the facts upon which the nonprofit organization claims the
 9 exemption under this section.

10 (d)(1) Upon receipt of an application described in subsection (c) of
 11 this section, the secretary shall respond in writing within a reasonable time
 12 after the filing of the application either issuing an exemption certificate
 13 to the qualified nonprofit organization or denying the application.

14 (2) If an application is denied, an explanation of the reason
 15 for denial shall accompany the denial.

16 (3) If the secretary finds that a nonprofit organization no
 17 longer meets the conditions to be a qualified nonprofit organization, the
 18 secretary shall revoke an exemption certificate.

19 (e) The secretary may promulgate rules to implement this section,
 20 including but not limited to rules regarding:

21 (1) An application process; and

22 (2) A reverification process.

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 24 SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective on the
 25 first day of the calendar quarter following the effective date of this act.

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