

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

A Bill

SENATE BILL 419

4
5 By: Senator G. Leding
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For An Act To Be Entitled

8
9 AN ACT TO CREATE A SALES AND USE TAX EXEMPTION FOR
10 CERTAIN SALES TO A CULTIVATION FACILITY; AND FOR
11 OTHER PURPOSES.
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Subtitle

14
15 TO CREATE A SALES AND USE TAX EXEMPTION
16 FOR CERTAIN SALES TO A CULTIVATION
17 FACILITY.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is
22 amended to add an additional section to read as follows:

23 26-52-457. Cultivation facility.

24 (a) As used in this section:

25 (1) "Cultivation facility" means the same as defined in Arkansas
26 Constitution, Amendment 98, § 2;

27 (2)(A) "Finished goods packaging" means product packaging for
28 usable marijuana that:

29 (i) Is received by a qualifying patient;

30 (ii) Is child resistant or contains a child-
31 resistant container; and

32 (iii) Has product information that is directly
33 printed on the packaging of the finished product or has an attached label or
34 leaflet that contains product information.

35 (B) "Finished goods packaging" includes without limitation
36 a label attached to the product packaging;



1 (3) "Medical use" means the same as defined in Arkansas
2 Constitution, Amendment 98, § 2;

3 (4) "Qualifying patient" means the same as defined in Arkansas
4 Constitution, Amendment 98, § 2;

5 (5) "Usable marijuana" means the same as defined in Arkansas
6 Constitution, Amendment 98, § 2; and

7 (6) "Utility" means electricity, liquefied petroleum gas,
8 natural gas, and water.

9 (b) The gross receipts or gross proceeds derived from the sale of the
10 following to a cultivation facility are exempt from the gross receipts tax
11 levied by this chapter and the compensating use tax levied by the Arkansas
12 Compensating Tax Act of 1949, § 26-53-101 et seq.:

13 (1) Seeds used in the cultivation and production of usable
14 marijuana;

15 (2)(A) New and used equipment, machinery, and related
16 attachments used exclusively in the cultivation and production of usable
17 marijuana.

18 (B) The exemption provided in subdivision (b)(2)(A) of
19 this section does not apply to a purchase of a repair or replacement part for
20 new or used machinery, equipment, or a related attachment;

21 (3)(A) A utility that is used exclusively in the operation of
22 the cultivation facility.

23 (B)(i) A utility subject to the exemption provided under
24 subdivision (b)(3)(A) of this section shall be separately metered from a
25 utility used for any other purpose by the taxpayer.

26 (ii) However, the rules promulgated under subsection
27 (c) of this section may establish additional or alternate requirements for
28 the metering of utilities under this section.

29 (iii) Before allowing the exemption of a utility
30 under this section, the Secretary of the Department of Finance and
31 Administration may require a seller of a utility to obtain a certificate from
32 the taxpayer in the form prescribed by the secretary, certifying that the
33 taxpayer is eligible for the exemption under this section;

34 (4) Consumable materials, ingredients, and chemicals used in the
35 cultivation, extraction, or manufacturing of marijuana for medical use;

36 (5) Finished goods packaging; and

1 (6) A device that is used to house usable marijuana that is
2 placed in finished goods packaging, including without limitation a syringe,
3 concentrate container, suppository mold, topical pump, and cartridge.

4 (c) The secretary shall promulgate rules for the proper administration
5 of this section.

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

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