

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas *As Engrossed: H1/31/13 H2/14/13 H3/1/13 H3/5/13*

2 89th General Assembly

A Bill

3 Regular Session, 2013

HOUSE BILL 1039

4

5 By: Representatives Wardlaw, Wren, Ballinger, Biviano, Branscum, Catlett, Deffenbaugh, D. Douglas,
6 Eubanks, Gillam, Gossage, Hawthorne, Hillman, Lampkin, Mayberry, McCrary, B. Overbey, Perry,
7 Ratliff, Rice, Scott, Slinkard, Talley, T. Thompson, Vines, Westerman, Wright, *Alexander, D. Altes, C.*
8 *Armstrong, E. Armstrong, Baine, Baltz, Barnett, Bragg, Broadaway, Carnine, Copenhaver, Cozart, J.*
9 *Dickinson, Ferguson, Fite, Hammer, Harris, Hickerson, Hodges, Holcomb, Jean, Kizzia, Lea, Leding,*
10 *Lowery, Magie, McElroy, McGill, Murdock, Richey, Steel, W. Wagner, D. Whitaker, Williams, Word,*
11 *Hopper, Jett, Bell*

12 By: Senators *Teague, G. Stubblefield, B. King, E. Cheatham, Hester, Holland, U. Lindsey, Maloch, B.*
13 *Pierce, J. Woods, D. Wyatt, J. Dismang, J. Hutchinson, Irvin, J. Key, Rapert, E. Williams, B. Sample, A.*
14 *Clark*

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For An Act To Be Entitled

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AN ACT TO *CREATE AN EXEMPTION FROM THE SALES AND USE*
18 *TAX FOR UTILITIES USED BY QUALIFYING AGRICULTURAL*
19 *STRUCTURES AND QUALIFYING AQUACULTURE AND*
20 *HORTICULTURE EQUIPMENT; AND FOR OTHER PURPOSES.*

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Subtitle

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TO CREATE AN EXEMPTION FROM THE SALES AND
25 *USE TAX FOR UTILITIES USED BY QUALIFYING*
26 *AGRICULTURAL STRUCTURES AND QUALIFYING*
27 *AQUACULTURE AND HORTICULTURE EQUIPMENT.*

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

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

34

26-52-446. Utilities used for qualifying agricultural structures and
35 qualifying aquaculture and horticulture equipment.

36

(a) As used in this section:



1 (1) "Aquaculture" means the active cultivation of domesticated
2 fish;

3 (2) "Domesticated fish" means fish that are spawned, grown,
4 managed, harvested, and marketed on an annual, semiannual, biennial, or
5 short-term basis in waters that are confined within a pond, tank, or lake
6 that is situated entirely on the premises of a single owner and that, except
7 under abnormal flood conditions, are in no way connected by water or with any
8 other:

9 (A) Flowing stream or body of water; or

10 (B) Body of water not situated on the premises of the
11 owner;

12 (3)(A) "Horticulture" means the initial production and
13 cultivation of fruits, vegetables, tree nuts, trees, shrubs, vines, and
14 florist stock.

15 (B) "Horticulture" does not include the cultivation of
16 fruits, vegetables, tree nuts, trees, shrubs, vines, and florist stock at a
17 retail or wholesale facility from which the items are sold;

18 (4) "Qualifying agricultural structure" means the following:

19 (A) A poultry or livestock facility used for commercial
20 production, including without limitation a broiler or turkey grow-out house,
21 laying house, hatching unit, nursery unit, breeding house, farrowing unit,
22 and feed-out house;

23 (B) A cattle and dairy facility, including without
24 limitation a milking parlor, milk collection unit, and refrigeration unit;
25 and

26 (C) A greenhouse used for commercial production;

27 (5) "Qualifying aquaculture or horticulture equipment" means:

28 (A) A cooling unit, collection unit, or irrigation
29 equipment used in a commercial horticulture operation;

30 (B) Equipment used to pump and aerate a pond used in a
31 commercial aquaculture operation; and

32 (C) A holding and sorting tank used in a commercial
33 aquaculture operation;

34 (6) "Utility" means the following:

35 (A) Electricity;

36 (B) Liquefied petroleum gas; and

1 (C) Natural gas.

2 (b)(1)(A) Beginning January 1, 2014, the gross receipts or gross
3 proceeds derived from the sale of electricity used by the following are
4 exempt from the gross receipts tax levied by the Arkansas Gross Receipts Act
5 of 1941, § 26-52-101 et seq., and the compensating use tax levied by the
6 Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.:

7 (i) A qualifying agricultural structure used for a
8 commercial purpose; and

9 (ii) Qualifying aquaculture or horticulture
10 equipment operated for a commercial purpose.

11 (B) Beginning January 1, 2016, the gross receipts or gross
12 proceeds derived from the sale of liquefied petroleum gas or natural gas used
13 by the following are exempt from the gross receipts tax levied by the
14 Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the
15 compensating use tax levied by the Arkansas Compensating Tax Act of 1949, §
16 26-53-101 et seq.:

17 (i) A qualifying agricultural structure used for a
18 commercial purpose; and

19 (ii) Qualifying aquaculture or horticulture
20 equipment operated for a commercial purpose.

21 (2) A utility sold for any purpose other than the purposes
22 stated in subdivision (b)(1) of this section is subject to the full gross
23 receipts tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101
24 et seq., and the full compensating use tax levied by the Arkansas
25 Compensating Tax Act of 1949, § 26-53-101 et seq.

26 (c)(1) A utility subject to the exemption provided under this section
27 shall be separately metered from a utility used for any other purpose by the
28 taxpayer.

29 (2) However, the rules promulgated under subsection (e) of this
30 section may establish additional or alternate requirements for the metering
31 of utilities under this section.

32 (d) Before allowing the exemption of a utility under this section, the
33 Director of the Department of Finance and Administration may require a seller
34 of a utility to obtain a certificate from the taxpayer, in the form
35 prescribed by the director, certifying that the taxpayer is eligible for the
36 exemption.

1 (e) The director shall promulgate rules for the proper
2 administration of this section.

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