

# What's New in Sales Tax for 2009

## Changes Effective April 7, 2009

**Act 1205** provides an exemption from sales tax on the sale of raw products from a farm, orchard, or garden that are produced and sold by the producer at a farmer's market, including, without limitation, cut or dried flowers, plants, vegetables, fruits, nuts, and herbs. The farmer's market must be comprised of one or more producers of raw farm products; operated seasonally; and held out of doors or in a public place.

**Act 1208** adds clarifying language to the definition of manufacturing machinery and equipment that is subject to the sales tax exemption. The definition of molds has language added to include frames, cavities and forms that determine the physical characteristics of the finished product or its packaging material at any stage of the manufacturing process; and dies, tools, and devices attached to or a part of a unit of machinery that determine the physical characteristics of the finished product or its packaging materials at any stage of the manufacturing process. The definition of testing equipment has been amended to include testing equipment which measures the quality of the finished product at any stage of the manufacturing process.

## Changes Effective July 1, 2009

**Act 436** reduces the state sales and use tax on food and food ingredients from three percent (3%) to two percent (2%).

**Act 691 and 695** reduces the state sales and use tax rate for natural gas and electricity purchased by a qualified manufacturer classified within NAICS codes 31 through 33 and used or consumed directly in the actual manufacturing process to three and one eighth percent (3.125%) beginning July 1, 2009. The total rate will be 3.25% when combined with the Conservation Tax levied by the Arkansas Constitution.

**Act 767** provides an exemption for thermal imaging equipment sold to a county government for use by law enforcement aircraft.

## Change Effective July 30, 2009

**Act 840** provides that the local tax collected on aviation fuel sold at publicly owned airports shall be remitted by DFA to the publicly owned airports. Sellers of aviation fuels should contact the Sales and Use Tax Section for additional information.

## Changes Effective October 1, 2009

**Act 682** removes the requirement for heavy equipment decals to be placed on heavy equipment at the time of the sale. Dealers selling heavy equipment are required to file a quarterly report with DFA identifying sales of heavy equipment that have been exempted from the sales tax.

**Act 941** adds travel trailers required to be licensed for highway use to the single transaction definition and allows the purchaser to claim the rebate at the time of registration.

**Act 1176** provides an exemption from sales tax on sales made to the Arkansas Search Dog Association, Inc.