

Importance of Exemptions for Arkansas Farmers

**Agricultural Council of Arkansas Meeting
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**Wayne Miller
Tyler Knapp**

Agriculture's Contribution to Arkansas' Economy - 2015

Includes crop, livestock, forestry and fisheries production and processing and their multiplier effects

***Over 264,000 jobs or 1 out of 6 jobs in Arkansas**

***\$12.8 billion in labor income**

Of which \$9.6 billion is wages and salaries

***\$21.4 billion in value add (GDP) or \$1 out of \$6**

Source: Arkansas Agriculture Profile 2017, in press.

Agriculture Exemption Categories

Machinery

Fuel / Utilities

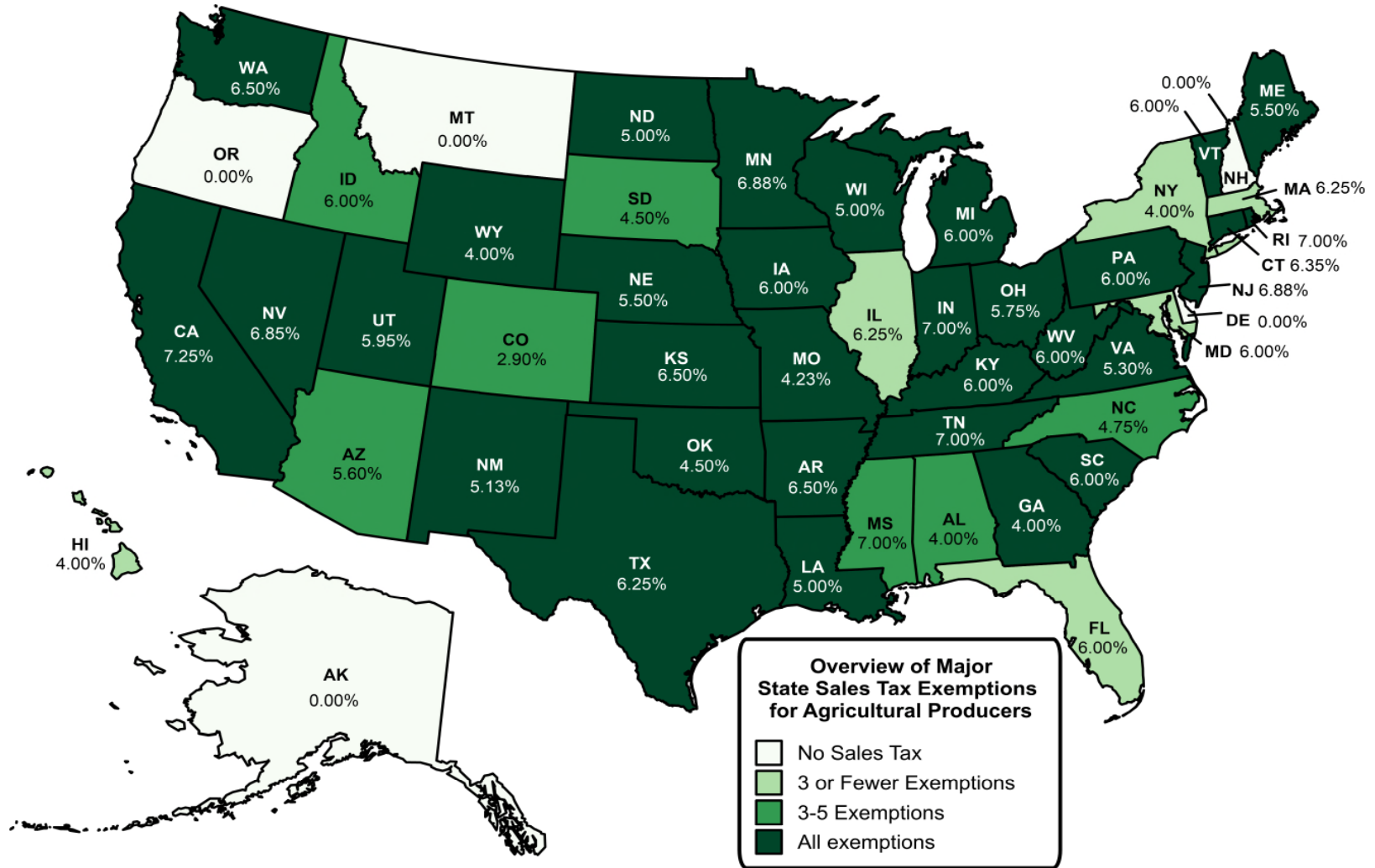
Chemicals (fertilizer and pesticides)

Seed

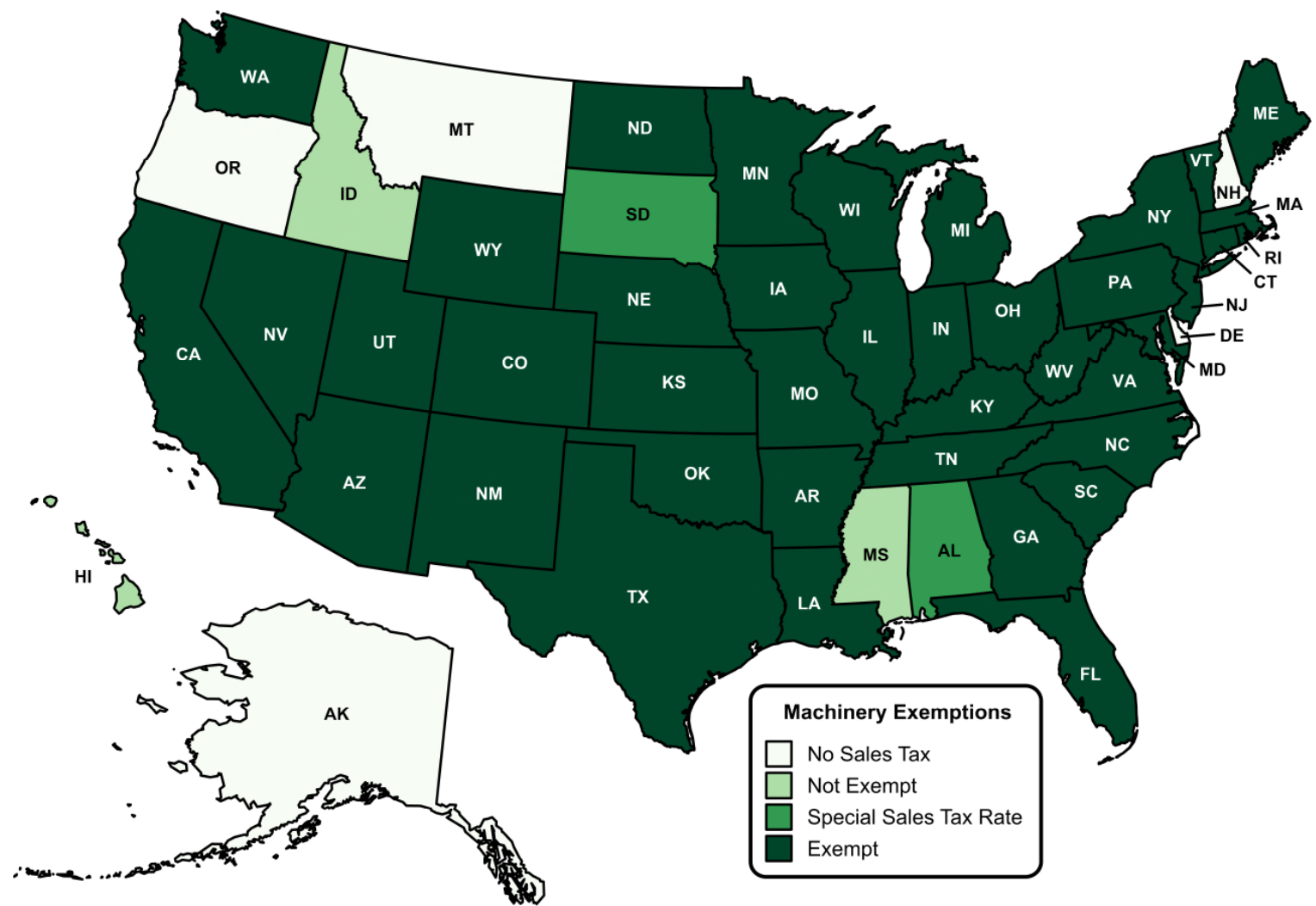
Animals

Feed

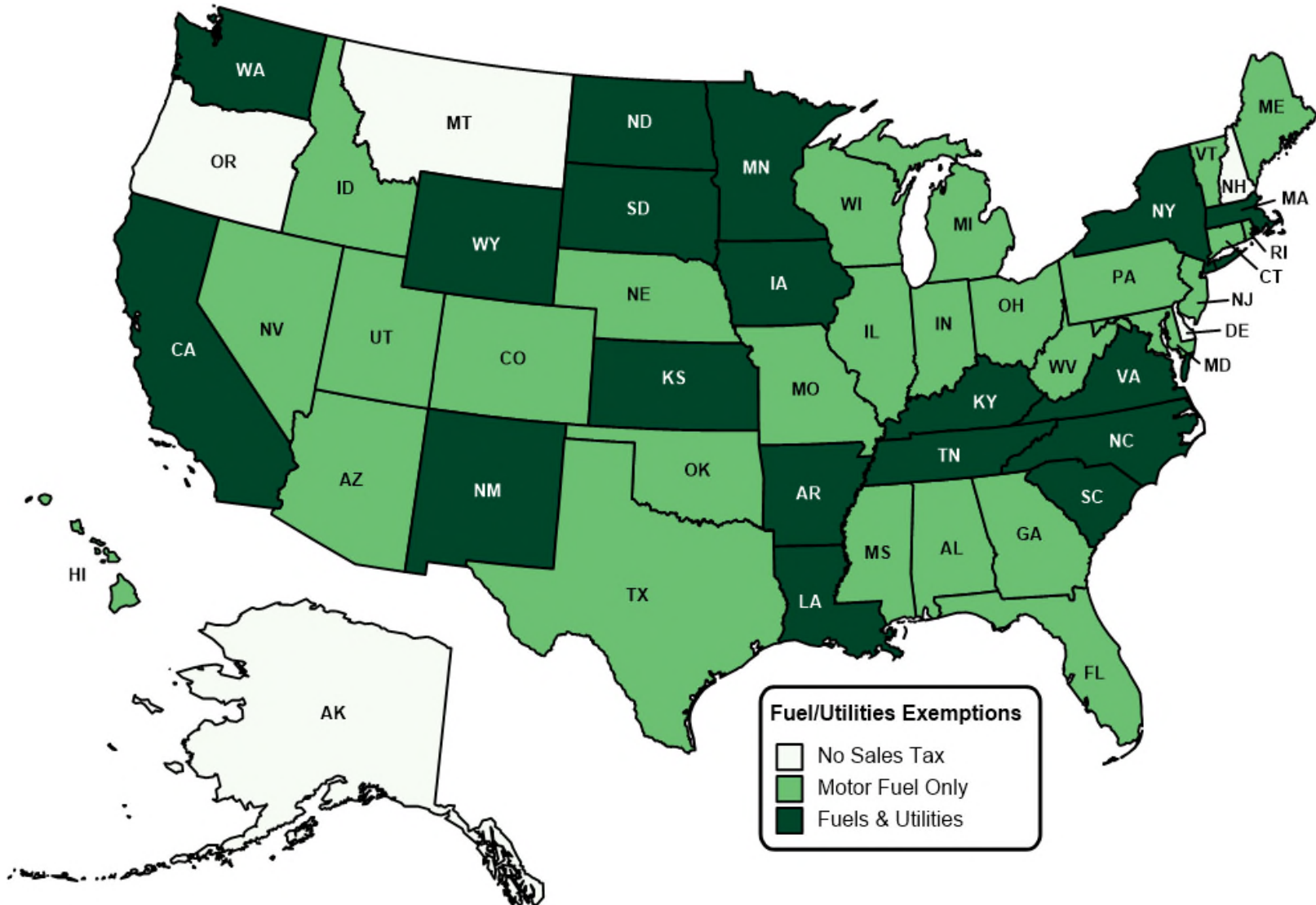
Agriculture Sales Tax Exemptions



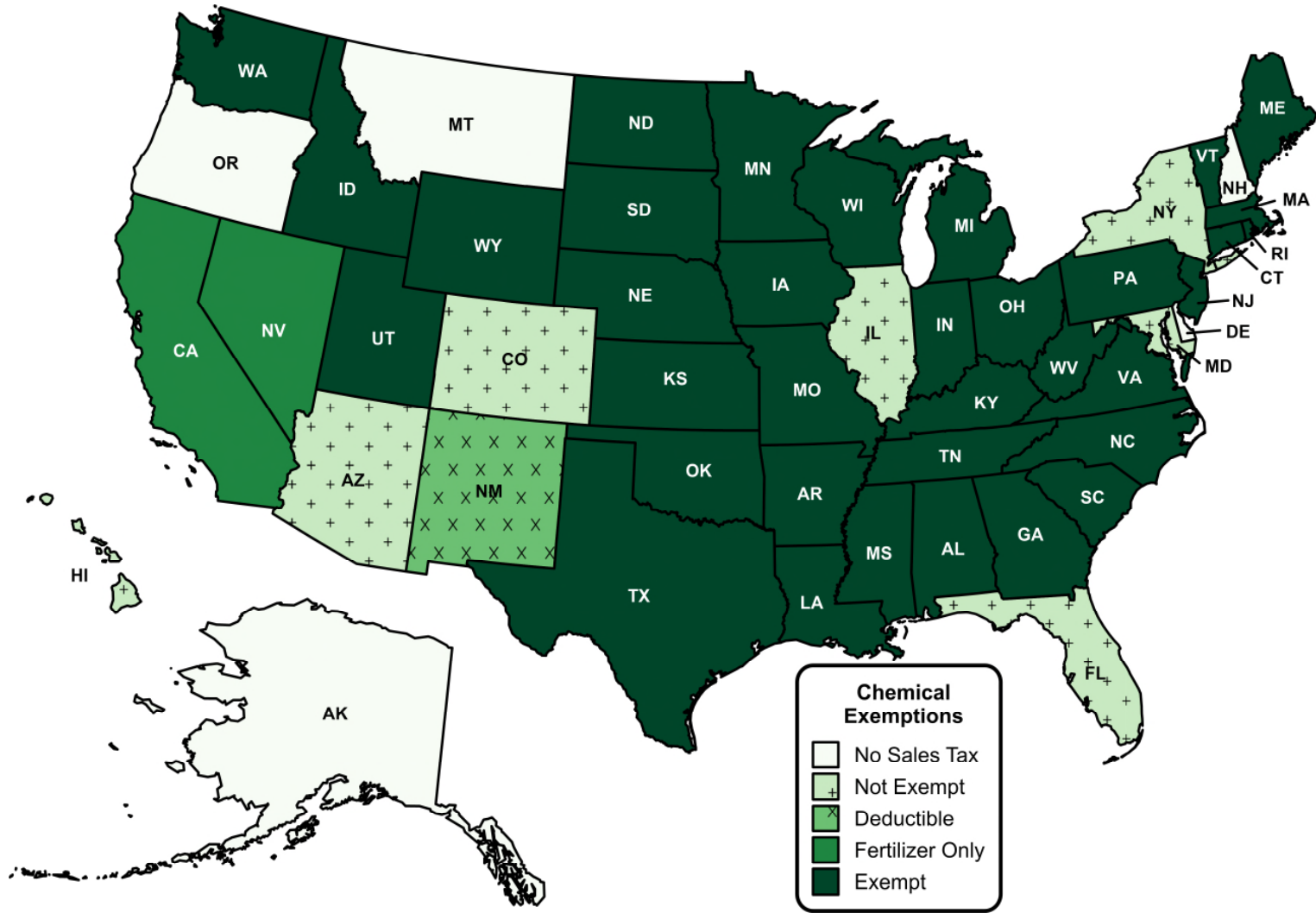
Agriculture Machinery Sales Tax Exemption



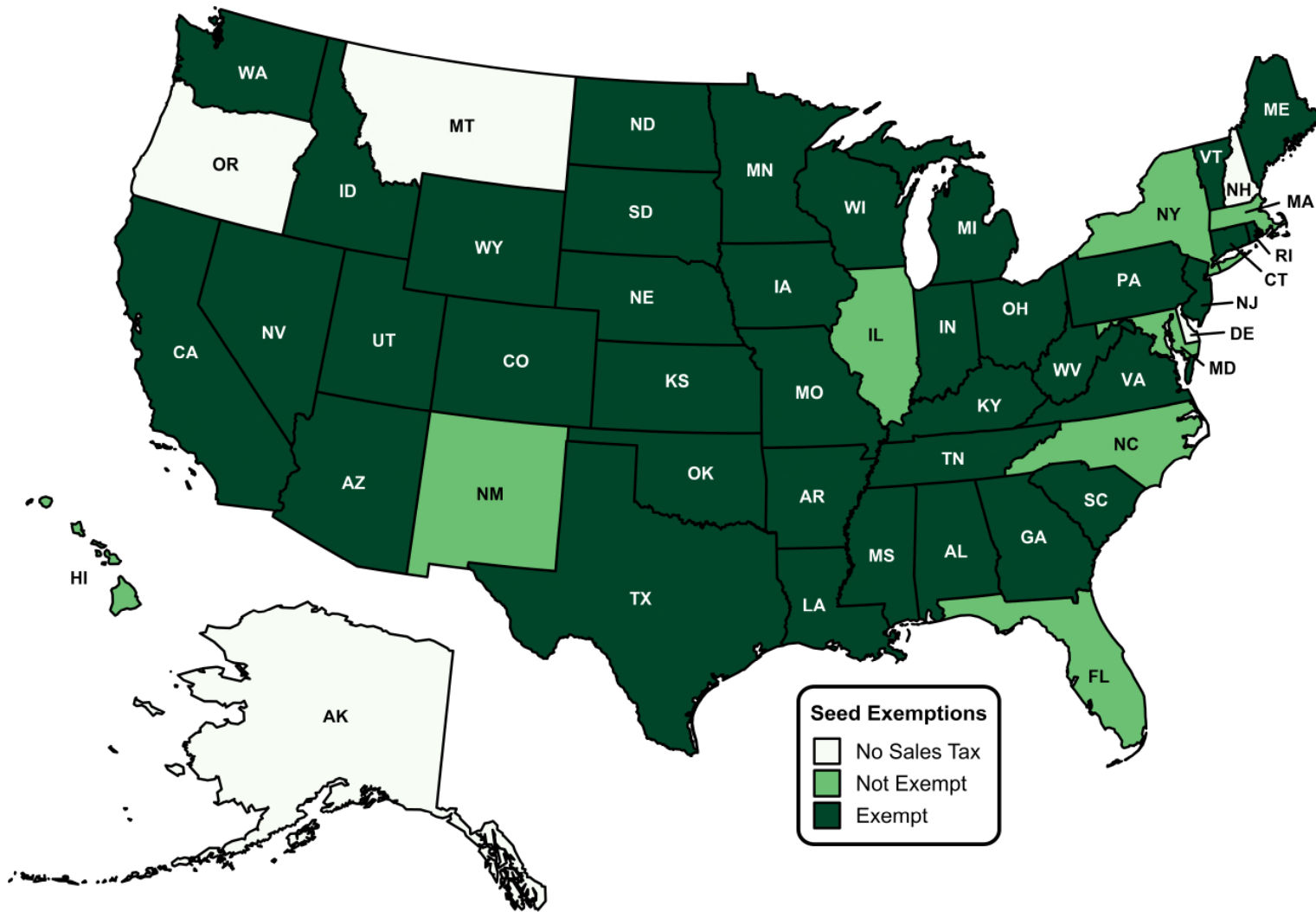
Agriculture Fuel / Utilities Sales Tax Exemptions



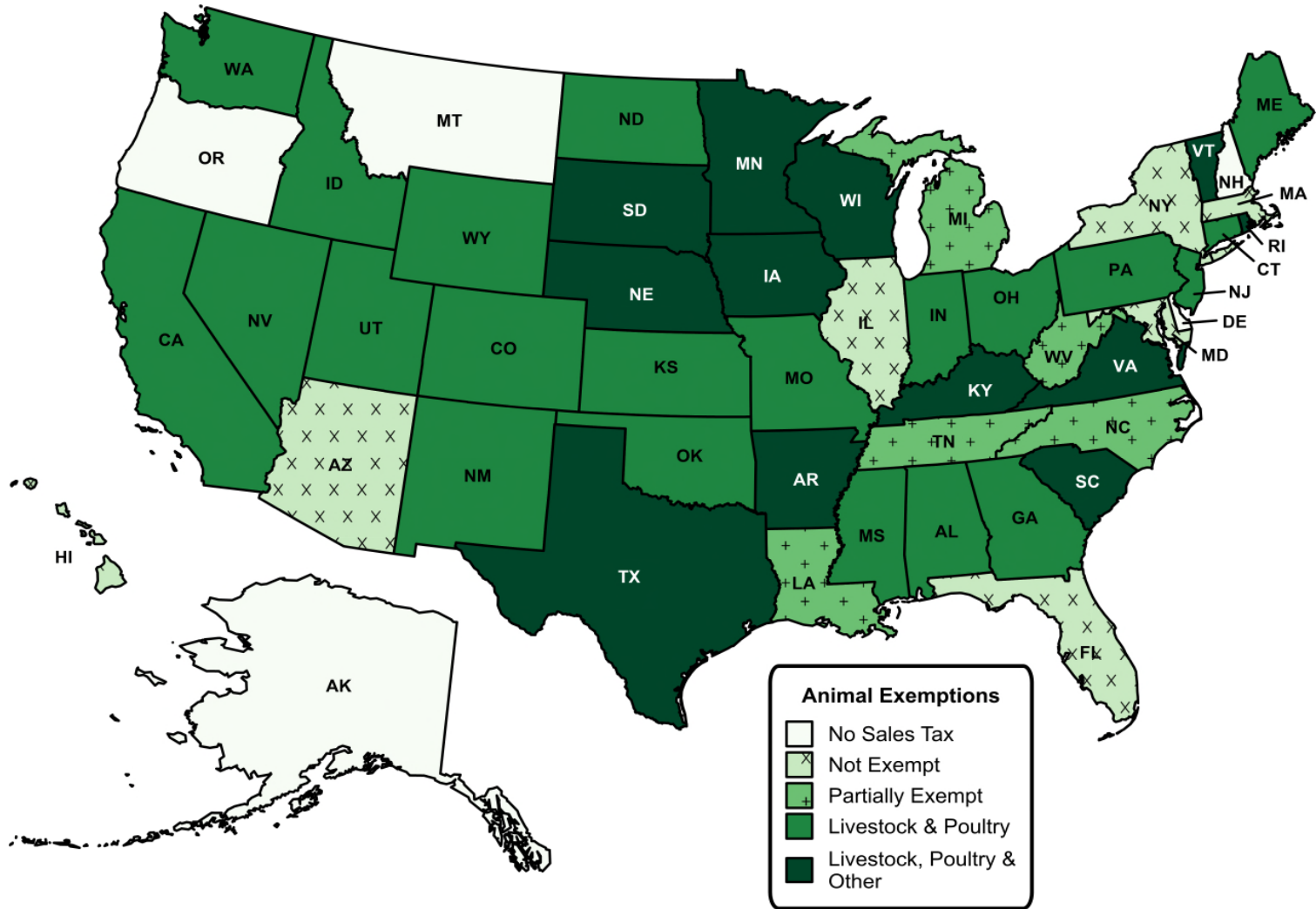
Agriculture Chemical Sales Tax Exemptions



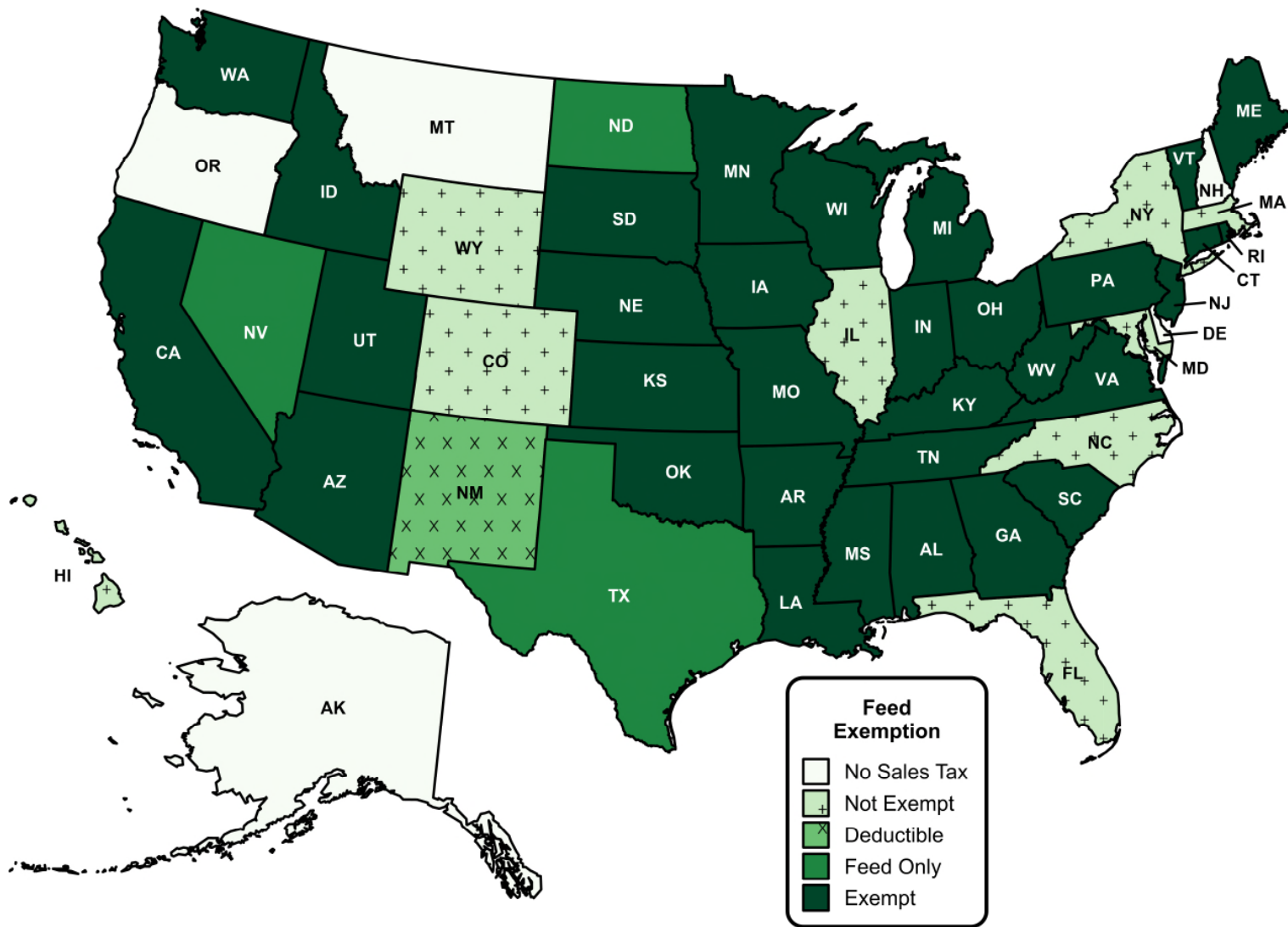
Agriculture Seed Sales Tax Exemption



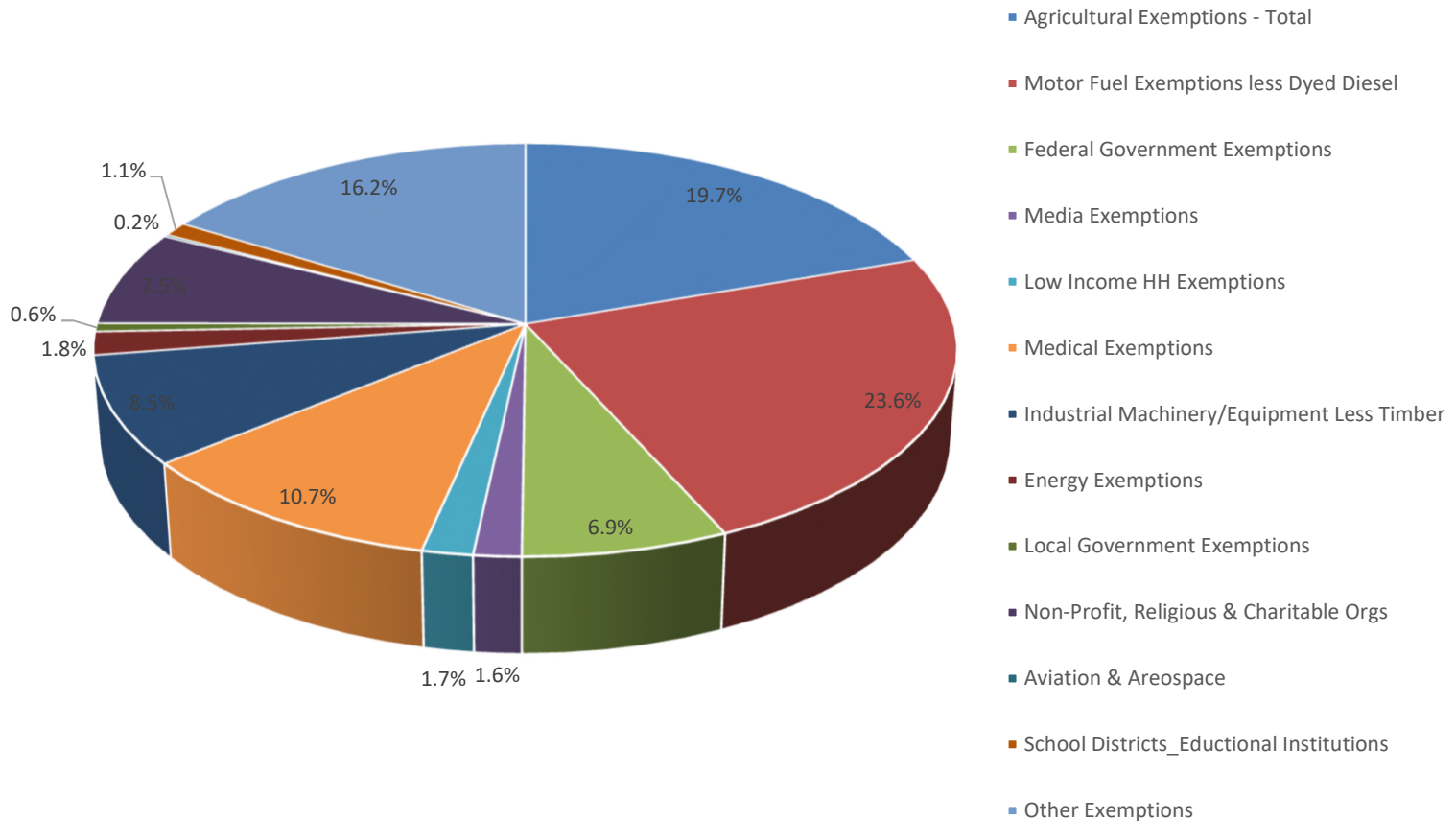
Agriculture Animal Sales Tax Exemptions



Agriculture Feed Sales Tax Exemptions



Sales Tax Exemptions FY 2011



Source: Arkansas Department of Finance & Administration

Estimated Value of Agriculture Exemptions

**Value of State
Exemptions**

**Value of Local
Government Exemptions**

Estimated Value of State and Local Sales Tax Exemptions for Agriculture

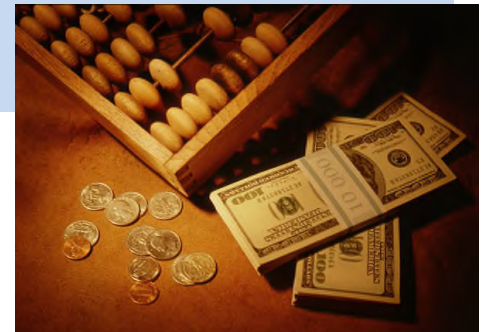
Jurisdiction	2001* (Million \$)	2011* (Million \$)	2017** (Million \$)
State	\$ 199.3	\$ 283.4	\$ 339.0
County			\$ 83.4
City			\$ 52.2

* Computed from information provided by the Arkansas Department of Finance & Administration.

** 2017 values are computed by adjusting 2011 values for inflation and the new sales tax rate. Estimates for 2017 are underestimated because they do not include the utility exemption for agriculture structures and aquaculture & horticulture equipment. The county and city estimates are based on average county and city sales tax

Tax Incidence

- Most farmers are price takers
- Cannot shift sales tax increase to others
- Shift some of tax burden from consumers to agriculture producers
- Farmers absorb tax increases and produce where $\text{Marginal Cost} = \text{Marginal Revenue}$
- Short term profits decrease
- Long term land values decline



How To Reach Us

Community and Economic Development
2301 South University Avenue
Little Rock, AR 72204-4940

501-671-2072/Fax 501-671-2046

arcommunities@uaex.edu

<http://www.arcommunities.org>

<http://www.facebook.com/UACommunityDevelopment>

...or any County Extension Office

