

March 19, 2026

The Honorable Sarah Huckabee Sanders  
Governor of Arkansas  
State Capitol  
500 Woodlane Street  
Little Rock, AR 72201

Dear Governor Sanders,

On behalf of the undersigned entities and stakeholders, we respectfully encourage you to consider legislative actions at the earliest opportunity, including any upcoming special legislative session, to provide economic relief to farmers in Arkansas. Two specific policies that we think should be enacted are: 1) legislation exempting agriculture equipment and machinery repair parts and labor from state sales tax, like many of our surrounding states; and 2) legislation ensuring that incoming and future ad-hoc federal economic relief funding for farmers be exempt from income taxes.

As you well know, Arkansas crop farmers are facing significant economic headwinds due to inflation on crop inputs and low commodity prices. We greatly appreciate your recognition of these challenges and your efforts to encourage action from Washington and support tax relief offered by the General Assembly. We firmly believe that the state can and should take additional steps in supporting crop farmers with more relief.

While we are very grateful for the policy actions taken to date, it is clear more support is needed to help Arkansas farmers and our crop industry. Agriculture remains the backbone of Arkansas's rural economy, and recent data highlights the seriousness of the ongoing challenges facing producers and the businesses that serve them. Arkansas recorded 33 Chapter 12 farm bankruptcy filings in 2025—more than double the number in 2024 and the highest total in the nation.

The outlook for the 2026 crop year remains extremely challenging. Producers continue to face inflationary pressures on inputs, unsettled export trade markets, and depressed commodity prices that are well below the cost of production. Now, farmers are facing a tremendous new challenge of much higher fuel and fertilizer prices due to the recent and ongoing military actions in the Middle East.

These financial and economic pressures extend beyond the farm gates, cascading through rural communities and even impacting our urban centers. When farmers are forced to delay equipment purchases, defer maintenance, liquidate assets, or reduce acreage in crops such as cotton and rice, which involves substantial processing infrastructure, i.e. jobs and investments, the effects are felt statewide.

For Arkansas farmers looking to fight their way through this challenging environment, they are increasingly focused on maintaining and repairing their existing equipment rather than replacing it. The application of sales tax to both the parts required and the labor performed, which are inflated to record levels, adds an additional financial burden to Arkansans who are simply trying to keep essential equipment operational. Exempting agricultural repair parts and labor from state sales tax, consistent with almost every other input in the production of crop commodities, would provide immediate and meaningful relief to farms, businesses, and citizens of Arkansas.

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We believe these policy proposals merit immediate consideration and action. We appreciate your efforts to support our industry during this stressful time, and we look forward to continuing to work with you to strengthen and grow our crop sector to meet the future needs of our state and country.

Thank you again for your continued leadership and service to the people of Arkansas. We stand ready to work with you on policies that support Arkansas families, farmers, and rural businesses and communities.

Respectfully,

Agricultural Council of Arkansas  
Arkansas Agricultural Consultants Association  
Arkansas Certified Crop Advisors  
Arkansas Community Bankers Association  
Arkansas Cotton Warehouse Association  
Arkansas Crop Protection Association  
Arkansas Farm Bureau  
Arkansas Plant Food Association  
Arkansas Rice Federation  
Arkansas Soybean Association  
Farm Credit Associations of Arkansas  
Farm Voice  
Producers Rice Mill  
Riceland Foods

Cc: Arkansas Secretary of Agriculture Wes Ward  
Arkansas Senate President Pro Tempore Bart Hester  
Arkansas House Speaker Brian Evans  
Chafer Stanley  
Rachel Smith