

1 **State of Arkansas**  
2 **80th General Assembly**  
3 **Regular Session, 1995**  
4 **By: Senator Fitch**

# A Bill

**ACT 268 OF 1995**  
**SENATE BILL 286**

## For An Act To Be Entitled

8 "AN ACT TO AMEND VARIOUS SECTIONS OF THE ARKANSAS CODE TO  
9 REQUIRE PURCHASERS OF VEHICLES TO OBTAIN CERTIFICATES OF  
10 INSPECTION AND APPLY FOR REGISTRATION AND ISSUANCE OF  
11 CERTIFICATES OF TITLE FOR SUCH VEHICLES WITHIN TWENTY (20)  
12 DAYS FROM THE DATE OF PURCHASE; TO REQUIRE THE SELLER OF A  
13 VEHICLE TO ASSIGN AND DELIVER THE CERTIFICATE OF TITLE TO  
14 THE PURCHASER AT THE TIME OF DELIVERING THE VEHICLE; TO  
15 PREVENT PERSONS WHO HAVE SECURED A BONDED CERTIFICATE OF  
16 TITLE FROM NULLIFYING THE BONDED INDEMNIFICATION BY  
17 APPLYING FOR A TITLE IN ANOTHER STATE; TO CLARIFY THAT THE  
18 ISOLATED SALE EXEMPTION DOES NOT APPLY TO VEHICLES; TO  
19 CLARIFY THAT A 10% PENALTY IS DUE FOR LATE PAID SALES TAX  
20 ON VEHICLES; AND FOR OTHER PURPOSES."

## Subtitle

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23 "AN ACT TO REQUIRE VEHICLES TO BE  
24 REGISTERED AND INSPECTED WITHIN TWENTY  
25 (20) DAYS OF PURCHASE; TO CLARIFY THAT  
26 VEHICLES ARE NOT SUBJECT TO ISOLATED  
27 SALE EXEMPTION AND PENALTY IS DUE FOR  
28 LATE PAID VEHICLE SALES TAX."

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

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32 SECTION 1. Arkansas Code § 27-14-903(a) is amended to read as follows:  
33 "(a) (1) The transferee of any new or used vehicle required by law to be  
34 registered shall apply for, or cause to be applied for, the registration  
35 thereof within twenty (20) days after the date of the release of lien by a  
36 prior lienholder as provided in § 27-14-909, or twenty (20) days after the

1 date of the transfer if no lien exists.

2 (2) No vehicle shall be operated upon a public street or highway for  
3 more than twenty (20) days after the release of lien by a prior lienholder as  
4 provided in § 27-14-909, or twenty (20) days after the transfer date if no  
5 lien exists, unless a valid registration plate is properly attached thereto."

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7 SECTION 2. Arkansas Code § 27-14-907(a) (1) is amended to read as  
8 follows:

9 "(a) (1) Whenever the title or interest of an owner in or to a registered  
10 vehicle shall pass to another by a method other than voluntary transfer, the  
11 registration of the vehicle shall expire, and the vehicle shall not be  
12 operated upon public streets or highways for more than twenty (20) days after  
13 the transfer date unless a valid registration plate is attached thereto."

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15 SECTION 3. Arkansas Code § 27-14-902(d) is amended to read as follows:

16 "(d) The owner shall endorse an assignment and warranty of title upon  
17 the certificate of title for the vehicle and he shall deliver the certificate  
18 of title to the purchaser or transferee at the time of delivering the vehicle,  
19 except as provided in §27-14-906 and §27-14-909."

20  
21 SECTION 4. Arkansas Code § 27-32-108 is amended to read as follows:

22 "27-32-108. Inspection required on sale or transfer.

23 (a) Every motor vehicle, trailer, semitrailer, and pole trailer  
24 registered in this state and subsequently sold or transferred must have a new  
25 or current official certificate of inspection and approval if the annual  
26 inspection for safety on the motor vehicle, trailer, semitrailer, or pole  
27 trailer was conducted more than thirty (30) days prior to the transfer or  
28 sale.

29 (b) No motor vehicle, trailer, semitrailer, or pole trailer shall be  
30 operated upon a public street or highway for more than twenty (20) days after  
31 the transfer date unless a valid certificate of inspection and approval is  
32 properly attached thereto."

33  
34 SECTION 5. Arkansas Code § 27-14-409(c) is amended to read as follows:

35 "(c) (1) If the office is not satisfied as to the ownership of a vehicle

1 or that there are no undisclosed security interests in it, the office may  
2 accept the application but shall, as a condition of issuing a certificate of  
3 title, require the applicant to file with the office a bond in the form  
4 prescribed by the office.

5 (2) The bond shall be in an amount equal to one and one-half (1 1/2)  
6 times the value of the vehicle as determined by the office.

7 (3)(A) The bond shall be conditioned to indemnify any prior owner and  
8 lienholder and any subsequent purchaser of the vehicle, or person acquiring  
9 any security interest in it, and their respective successors in interest,  
10 heirs, or assigns against any expense, loss, or damage, including reasonable  
11 attorney's fees, by reason of the issuance of the certificate of title of the  
12 vehicle.

13 (B) Any such interested person has a right of action to recover  
14 on the bond for any breach of its conditions, but the aggregate liability of  
15 the surety to all persons shall not exceed the amount of the bond.

16 (4) The bond, and any deposit accompanying it, shall be returned at the  
17 end of three (3) years, unless the office has been notified of the pendency of  
18 an action to recover on the bond."

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20 SECTION 6. Arkansas Code § 26-52-510(a) is amended to read as follows:

21 "(a)(1) The tax levied by this chapter and all other gross receipts taxes  
22 levied by the state in respect to the sale of new or used motor vehicles,  
23 trailers, or semitrailers required to be licensed in this state shall be paid  
24 by the consumer to the Director of the Department of Finance and  
25 Administration instead of being collected by the dealer or seller, and it is  
26 the mandatory duty of the director to require the payment of such tax at the  
27 time of registration before issuing licenses for new or used motor vehicles or  
28 trailers. The tax shall apply regardless of whether the motor vehicle,  
29 trailer or semitrailer is sold by a vehicle dealer or an individual,  
30 corporation or partnership not licensed as a vehicle dealer. The exemption  
31 provided for in § 26-52-401 for isolated sales shall not apply to the sale of  
32 motor vehicles, trailers, or semitrailers.

33 (2) The tax levied by this chapter and all other gross receipts taxes  
34 levied by the state in respect to the sale of new or used motor vehicles,  
35 trailers or semitrailers required to be licensed in this state shall be paid

1 by the consumer on or before the time for registration as prescribed by § 27-  
2 14-903(a). Failure to pay the tax when due shall result in an assessment of a  
3 penalty equal to ten percent (10%) of the amount of tax due. The penalty must  
4 be paid to the director along with the tax before the vehicle license will be  
5 issued."

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7 SECTION 7. Arkansas Code § 26-53-126(a) is amended to read as follows:

8 "(a) (1) All new and used motor vehicles, trailers, or semitrailers  
9 required to be licensed in this state shall, upon being registered in this  
10 state, be subject to the tax levied herein and all other use taxes levied by  
11 the state irrespective of whether such motor vehicle, trailer, or semitrailer  
12 was purchased from a dealer or an individual. The tax shall be paid to the  
13 director by the person making application to register the motor vehicle,  
14 trailer, or semitrailer instead of being collected by the dealer or individual  
15 seller. It shall be the mandatory duty of the director to collect the tax  
16 before issuing a license for any motor vehicle, trailer, or semitrailer. The  
17 exemption provided for in § 26-52-401 for isolated sales shall not apply to  
18 the sale of motor vehicles, trailers and semitrailers.

19 (2) The tax levied herein and all other use taxes levied by the state  
20 shall be paid on or before the time for registration as prescribed by § 27-14-  
21 903(a). Failure to pay the tax when due shall result in an assessment of a  
22 penalty equal to ten percent (10%) of the amount of tax due. The penalty must  
23 be paid to the director along with the tax before the vehicle license will be  
24 issued."

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26 SECTION 8. All provisions of this act of a general and permanent nature  
27 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
28 Revision Commission shall incorporate the same in the Code.

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30 SECTION 9. If any provision of this act or the application thereof to  
31 any person or circumstance is held invalid, such invalidity shall not affect  
32 other provisions or applications of the act which can be given effect without  
33 the invalid provision or application, and to this end the provisions of this  
34 act are declared to be severable.

35

1 SECTION 10. All laws and parts of laws in conflict with this act are  
2 hereby repealed.

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4 SECTION 11. EMERGENCY. It is hereby found and determined by the  
5 General Assembly that current law imposes a 10% penalty on late payment of  
6 sales or use tax on motor vehicles and trailers; that current law disallows  
7 the isolated sales exemption to a purchase of a motor vehicle or trailer; that  
8 each of these provisions are in need of clarification to ensure the original  
9 legislative intent is fulfilled; and that Sections 6 and 7 of this act should  
10 be effective immediately to prevent possible confusion among the taxpayers of  
11 this state. Therefore, an emergency is hereby declared to exist and Sections  
12 6 and 7 of this act being necessary for the immediate preservation of the  
13 public peace, health and safety shall be in full force and effect immediately  
14 upon its passage and approval.

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APPROVED: 2-13-95

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