

**Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.**

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

*As Engrossed: H2/16/01*

# A Bill

**Act 922 of 2001**  
HOUSE BILL 1440

5 By: Representative R. Smith  
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## **For An Act To Be Entitled**

9 AN ACT TO AMEND ARKANSAS CODE 26-53-124 TO PROVIDE  
10 THAT OUT OF STATE VENDORS WITH SIGNIFICANT CONNECTIONS  
11 TO THE STATE OF ARKANSAS MUST COLLECT USE TAX ON SALES  
12 *MADE TO ARKANSAS CUSTOMERS; AND FOR OTHER PURPOSES.*  
13

### **Subtitle**

14 AMENDS ARKANSAS CODE 26-53-124 TO  
15 PROVIDE THAT OUT OF STATE VENDORS WITH  
16 SIGNIFICANT CONNECTIONS TO THE STATE OF  
17 ARKANSAS MUST COLLECT USE TAX ON SALES  
18 *MADE TO ARKANSAS CUSTOMERS.*  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code 26-53-124(a) pertaining to the collection of  
25 use tax by out of state vendors, is amended to read as follows:

26 (a)(1) Every vendor making a sale of tangible personal property  
27 directly or indirectly for the purpose of storage, use, distribution, or  
28 consumption in this state shall collect the tax from the purchaser and give a  
29 receipt therefor. This provision includes all out-of-state vendors who deliver  
30 merchandise into Arkansas in their own conveyance where such merchandise will  
31 be stored, used, distributed, or consumed within this state.

32 (2) The required amount of the tax collected by the vendor from  
33 the purchaser shall be displayed separately upon the check, sales slip, bill,  
34 receipt, or other evidence of sale.

35 (3) The processing of orders electronically, by fax, telephone,  
36 the internet or other electronic ordering process, or the processing of orders

1 by non-electronic means, by mail order, fax, telephone, or otherwise, does not  
2 relieve a vendor of responsibility for collection of the tax from the  
3 purchaser if both the following conditions exist:

4 (A) The vendor holds a substantial ownership interest,  
5 directly or through a subsidiary, in a retailer maintaining sales locations in  
6 Arkansas, or is owned in whole or in substantial part by such a retailer, or  
7 by a parent or subsidiary thereof; and

8 (B) The vendor sells the same or substantially similar line  
9 of products as the Arkansas retailer under the same or substantially similar  
10 business name, or the facilities or employees of the Arkansas retailer are  
11 used to advertise or promote sales by the vendor to Arkansas purchasers.

12 (4) For the purposes of this section, "substantial ownership  
13 interest" in an entity means that degree of ownership of equity interests in  
14 an entity that is not less than that degree of ownership specified by Section  
15 267 of the Internal Revenue Code of 1986, as in effect on January 1, 2001,  
16 with respect to a person other than a director or officer.

17 SECTION 2. Effective Date. [THE ARKANSAS CODE REVISION COMMISSION IS  
18 NOT REQUIRED TO CODIFY THIS SECTION.] The provisions of this act shall be  
19 effective on and after January 1, 2002.

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21 /s/ R. Smith

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24 APPROVED: 3/19/2001