

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative Dawson**

A Bill

HOUSE BILL 1904

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 26-52-510 PERTAINING TO
9 MOTOR VEHICLE DEMONSTRATIVE MODELS AND PERTAINING TO MOTOR
10 VEHICLE DEALER CREDIT FOR TRADE-IN OF SHORT-TERM OR
11 LOANER VEHICLES; AND FOR OTHER PURPOSES."

Subtitle

14 "PERTAINING TO MOTOR VEHICLE DEMONSTRATIVE MODELS AND
15 MOTOR VEHICLE DEALER CREDIT FOR TRADE-IN OF SHORT-TERM
16 OR LOANER VEHICLES."

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

20 SECTION 1. Arkansas Code 26-52-510 is amended to read as follows:

21 "26-52-510. Direct payment of tax by consumer-user - New and used cars.

22 (a) The tax levied by this chapter and all other gross receipts taxes
23 levied by the state in respect to the sale of new or used motor vehicles,
24 trailers, or semitrailers required to be licensed in this state shall be paid
25 by the consumer to the Director of the Department of Finance and
26 Administration instead of being collected by the dealer, and it is the
27 mandatory duty of the director to require the payment of such tax before
28 issuing licenses for new or used motor vehicles or trailers subject to the
29 following provisions:

30 All persons licensed by the state of Arkansas as a dealer in motor
31 vehicles shall be permitted to license passenger cars and Class I trucks
32 without paying the tax levied by this chapter or any other gross receipts
33 taxes levied by the state, provided the vehicle is to be used as a dealer
34 demonstrator model. The Commissioner of Revenues shall promulgate reasonable
35 regulations to enforce this provision.

1 (b) When a used motor vehicle, trailer, or semitrailer is taken
2 in trade as a credit or part payment on the sale of a new or used motor
3 vehicle, trailer, or semitrailer, the tax levied by this chapter and all other
4 gross receipts taxes levied by the state shall be paid on the net difference
5 between the total consideration for the new or used vehicle, trailer, or
6 semitrailer sold and the credit for the used vehicle, trailer, or semitrailer
7 taken in trade. However, if the total consideration for the sale of the new or
8 used motor vehicle, trailer, or semitrailer is less than two thousand dollars
9 (\$2,000), no tax shall be due.

10 (c) A person engaged in the business of selling motor vehicles whose
11 short-term rental or loaner services are incidental to his business shall
12 be entitled to trade-in credit in the following manner: when the business
13 transfers to sale stock a motor vehicle which has been used for short-term
14 rental or as a loaner, and replaces it with a vehicle withdrawn from stock,
15 the tax levied by this chapter and all other gross receipts taxes levied by
16 the state shall be paid on the net difference between the fair market value of
17 the vehicle withdrawn from stock and the fair market value of the rental or
18 loaner vehicle it replaces. However, if the total consideration for the sale
19 of the new or used motor vehicle is less than two thousand dollars (\$2,000),
20 no tax shall be due. For purposes of this section, short-term rental shall
21 have the same meaning as that term is defined in Arkansas Code 26-52-310.
22 Loaner shall mean a vehicle being used for short-term rental except that
23 the user does not pay the owner for use of the vehicle while the user's own
24 car is being serviced or repaired.

25 (d)(1) Used car dealers shall be deemed the consumer-users of all parts
26 and accessories used by them for the reconditioning or rebuilding of used
27 automobiles and shall be required to report as a sale all parts and
28 accessories withdrawn or used from the stock in trade.

29 (2) In instances where dealers are not engaged in the sale of
30 parts and accessories in connection with the sale of used cars, the tax shall
31 be paid to the seller at the time purchases of parts and accessories are made.

32 (e) Nothing in this section shall be construed to repeal any exemption
33 from the Arkansas Gross Receipts Act, § 26-52-101 et seq.

34 (f) No credit shall be allowed for sales or use taxes paid to another
35 state with respect to the purchase of motor vehicles, trailers, or

1 semitrailers which were first registered by the purchaser in Arkansas. This
2 subsection shall apply to all motor vehicles, trailers, or semitrailers
3 purchased on or after November 3, 1989."

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5 SECTION 2. All provisions of this act of a general and permanent
6 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
7 Code Revision Commission shall incorporate the same in the Code.

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9 SECTION 3. If any provision of this act or the application thereof to
10 any person or circumstance is held invalid, such invalidity shall not affect
11 other provisions or applications of the act which can be given effect without
12 the invalid provision or application, and to this end the provisions of this
13 act are declared to be severable.

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15 SECTION 4. All laws and parts of laws in conflict with this act are
16 hereby repealed.

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18 SECTION 5. EMERGENCY. It is hereby found and determined by the General
19 Assembly that the present law pertaining to motor vehicle demonstrative models
20 is inadequate and the present law pertaining to motor vehicle credit for
21 "trade-in" of short-term lease or "loaner" vehicles is inadequate and unfair,
22 and this act is immediately necessary to provide equitable and valid
23 procedures. Therefore, an emergency is hereby declared to exist and this act
24 being necessary for the immediate preservation of the public peace, health and
25 safety shall be in full force and effect from and after its passage and
26 approval.

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/s/Rep. Dawson

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As Engrossed: 3/10/93

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