

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

SENATE BILL 134

5 By: Senators J. Payton, J. Dotson, G. Stubblefield, Stone
6 By: Representatives Maddox, Lundstrum
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE SALES AND USE
10 TAX APPLICABLE TO PURCHASES OF NEW OR USED MOTOR
11 VEHICLES, TRAILERS, AND SEMITRAILERS; TO INCREASE THE
12 SALES AND USE TAX EXEMPTION FOR USED MOTOR VEHICLES;
13 TO AMEND THE REDUCED SALES AND USE TAX RATE
14 APPLICABLE TO PURCHASES OF USED MOTOR VEHICLES; AND
15 FOR OTHER PURPOSES.
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Subtitle

18 TO INCREASE THE SALES AND USE TAX
19 EXEMPTION FOR USED MOTOR VEHICLES; AND TO
20 AMEND THE REDUCED SALES AND USE TAX RATE
21 APPLICABLE TO PURCHASES OF USED MOTOR
22 VEHICLES.
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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28 SECTION 1. DO NOT CODIFY. Legislative findings.

29 The General Assembly finds that:

30 (1) Because Arkansas is a rural state, having reliable personal
31 transportation is essential for Arkansans to maintain employment, access
32 medical care, and obtain groceries and other daily necessities;

33 (2) Many working Arkansans have limited income and need
34 affordable personal transportation, which is impeded by the added expense of
35 sales and use tax on motor vehicles;

36 (3) The majority of motor vehicles that are sold for fifteen



1 thousand dollars (\$15,000) or less are used motor vehicles, which means that
 2 sales or use tax has been collected previously on those motor vehicles at
 3 least one (1) time and often multiple times for motor vehicles that have been
 4 sold several times; and

5 (4) Arkansans who can afford only a motor vehicle valued at
 6 fifteen thousand dollars (\$15,000) or less often have to trade motor vehicles
 7 more often than those who can afford more expensive motor vehicles, which
 8 results in these Arkansans continually having to pay sales or use tax on
 9 motor vehicle purchases even though they have the least ability to afford the
 10 repeated payment of those taxes.

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 12 SECTION 2. Arkansas Code § 26-52-324(a), concerning the special tax
 13 rate for certain used motor vehicles, trailers, and semitrailers, is amended
 14 to read as follows:

15 (a) In lieu of the gross receipts or gross proceeds taxes levied under
 16 §§ 26-52-301 and 26-52-302, there is levied an excise tax on the gross
 17 receipts or gross proceeds derived from the sale of ~~a used motor vehicle,~~
 18 ~~trailer, or semitrailer that has a sales price of at least four thousand~~
 19 ~~dollars (\$4,000) but less than ten thousand dollars (\$10,000)~~ the following
 20 at the rate of two and eight hundred seventy-five thousandths percent
 21 (2.875%):

22 (1) A used motor vehicle that has a sales price of at least ten
 23 thousand dollars (\$10,000) but less than fifteen thousand dollars (\$15,000);
 24 and

25 (2) A used trailer or semitrailer that has a sales price of at
 26 least four thousand dollars (\$4,000) but less than ten thousand dollars
 27 (\$10,000).

28
 29 SECTION 3. Arkansas Code § 26-52-510(b)(1)(B), concerning the direct
 30 payment of sales tax by consumer-users on new and used motor vehicles,
 31 trailers, or semitrailers, is amended to read as follows:

32 (B)(i)(a) If the total consideration for the sale of the
 33 new ~~or used~~ motor vehicle, or the new or used trailer, or semitrailer is less
 34 than four thousand dollars (\$4,000), no tax is due.

35 (b) If the total consideration for the sale of
 36 the used motor vehicle is less than ten thousand dollars (\$10,000), no tax is

1 due.

2 (c) If the total consideration for the sale of
3 a new motor vehicle, trailer, or semitrailer is four thousand dollars
4 (\$4,000) or more, the full gross receipts tax rate levied under this chapter
5 shall be levied and collected.

6 (ii) If the total consideration for the sale of a
7 used ~~motor vehicle~~, trailer, or semitrailer is at least four thousand dollars
8 (\$4,000) but less than ten thousand dollars (\$10,000), the gross receipts tax
9 due shall be determined under § 26-52-324.

10 (iii) If the total consideration for the sale of a
11 used ~~motor vehicle~~, trailer, or semitrailer is ten thousand dollars (\$10,000)
12 or more+,

13 ~~(a) The exemption under subdivision~~
14 ~~(b)(1)(B)(i)(a) of this section does not apply;~~

15 ~~(b) The special tax rate provided in § 26-52-~~
16 ~~324 does not apply; and~~

17 ~~(c) The the full gross receipts tax rate~~
18 ~~levied under this chapter shall be levied and collected.~~

19 (iv) If the total consideration for the sale of the
20 used motor vehicle is at least ten thousand dollars (\$10,000) but less than
21 fifteen thousand dollars (\$15,000), the gross receipts tax due shall be
22 determined under § 26-52-324.

23 (v) If the total consideration for the sale of the
24 used motor vehicle is fifteen thousand dollars (\$15,000) or more, the full
25 gross receipts tax rate levied under this chapter shall be levied and
26 collected.

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28 SECTION 4. Arkansas Code § 26-53-126(b)(2), concerning the
29 compensating use tax on new and used motor vehicles, trailers, or
30 semitrailers, is amended to read as follows:

31 (2)(A)(i) If the total consideration for the sale of the new ~~or~~
32 ~~used~~ motor vehicle, or the new or used trailer, or semitrailer is less than
33 four thousand dollars (\$4,000), no tax is due.

34 (ii) If the total consideration for the sale of the
35 used motor vehicle is less than ten thousand dollars (\$10,000), no tax is
36 due.

1 (iii) If the total consideration for the sale of a
2 new motor vehicle, trailer, or semitrailer is four thousand dollars (\$4,000)
3 or more, the full compensating use tax rate levied under this chapter shall
4 be levied and collected.

5 (B) If the total consideration for the sale of a used
6 ~~motor vehicle,~~ trailer, or semitrailer is at least four thousand dollars
7 (\$4,000) but less than ten thousand dollars (\$10,000), the compensating use
8 tax due shall be determined under § 26-53-150.

9 (C) If the total consideration for the sale of a used
10 ~~motor vehicle,~~ trailer, or semitrailer is ten thousand dollars (\$10,000) or
11 more+.

12 ~~(i) The exemption under subdivision (b)(2)(A)(i) of~~
13 ~~this section does not apply;~~

14 ~~(ii) The special tax rate provided in § 26-53-150~~
15 ~~does not apply; and~~

16 ~~(iii) The~~ the full compensating use tax rate levied
17 under this chapter shall be levied and collected.

18 (D) If the total consideration for the sale of the used
19 motor vehicle is at least ten thousand dollars (\$10,000) but less than
20 fifteen thousand dollars (\$15,000), the compensating use tax due shall be
21 determined under § 26-53-150.

22 (E) If the total consideration for the sale of the used
23 motor vehicle is fifteen thousand dollars (\$15,000) or more, the full
24 compensating use tax rate levied under this chapter shall be levied and
25 collected.

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27 SECTION 5. Arkansas Code § 26-53-150(a)(1), concerning the special tax
28 rate for certain used motor vehicles, trailers, and semitrailers, is amended
29 to read as follows:

30 (a)(1) In lieu of the compensating use taxes levied under §§ 26-53-106
31 and 26-53-107, there is levied an excise tax for the privilege of storing,
32 using, distributing, or consuming a used motor vehicle, trailer, or
33 semitrailer within this state if the sales price ~~of the used motor vehicle,~~
34 ~~trailer, or semitrailer is:~~

35 (A) For a used motor vehicle, at least ten thousand
36 dollars (\$10,000) but less than fifteen thousand dollars (\$15,000); and

1 (B) For a used trailer or semitrailer, at least four
2 thousand dollars (\$4,000) but less than ten thousand dollars (\$10,000).

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4 SECTION 6. EFFECTIVE DATE. Sections 2-5 of this act are effective on
5 the first day of the calendar quarter following the effective date of this
6 act.

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