

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

# A Bill

**ACT 1013 OF 1995**  
**SENATE BILL 572**

## For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE § 26-52-510 TO PROVIDE THAT  
9 MOTOR VEHICLE DEALERS ARE ALLOWED A TRADE-IN CREDIT  
10 AGAINST SALES TAXES DUE WHEN VEHICLES OWNED BY THE DEALERS  
11 AND USED FOR DEALERSHIP PURPOSES ARE REPLACED BY NEW  
12 VEHICLES THE DEALERS OWN AND USE FOR DEALERSHIP PURPOSES;  
13 AND FOR OTHER PURPOSES."

## Subtitle

15 "TO PROVIDE THAT MOTOR VEHICLE DEALERS  
16 ARE ALLOWED A TRADE-IN CREDIT WHEN  
17 VEHICLES OWNED BY THE DEALERS AND USED  
18 FOR DEALERSHIP PURPOSES ARE REPLACED BY  
19 NEW VEHICLES THE DEALERS OWN AND USE FOR  
20 DEALERSHIP PURPOSES."

22  
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24  
25 SECTION 1. Arkansas Code § 26-52-510(b) is amended to read as follows:  
26 "(b) (1) When a used motor vehicle, trailer, or semitrailer is taken in  
27 trade as a credit or part payment on the sale of a new or used motor vehicle,  
28 trailer, or semitrailer, the tax levied by this chapter and all other gross  
29 receipts taxes levied by the state shall be paid on the net difference between  
30 the total consideration for the new or used vehicle, trailer, or semitrailer  
31 sold and the credit for the used vehicle, trailer, or semitrailer taken in  
32 trade. However, if the total consideration for the sale of the new or used  
33 motor vehicle, trailer, or semitrailer is less than two thousand dollars  
34 (\$2,000), no tax shall be due.

35 (2) (A) *When a motor vehicle dealer removes a vehicle from its*  
36 *inventory and the vehicle is used by the dealership as a service vehicle, the*

1 dealer shall register the vehicle, obtain a certificate of title and pay sales  
2 tax on the listed retail price of the new vehicle. When the motor vehicle  
3 dealer returns the service vehicle to inventory as a used vehicle and replaces  
4 it with a new vehicle for dealership use as a service vehicle, the dealer  
5 shall pay sales tax on the difference between the listed retail price of the  
6 new service vehicle to be used by the dealership and the value of the used  
7 service vehicle being returned to inventory. The value of the used service  
8 vehicle shall be the highest listed wholesale price reflected in the most  
9 current edition of the N.A.D.A. Official Used Car Guide.

10 (B) For purposes of this subsection, the term 'service vehicle' means a  
11 motor vehicle driven exclusively by an employee of the dealership and used  
12 either to transport dealership customers or dealership parts and equipment.  
13 'Service vehicle' does not include motor vehicles which are rented by the  
14 dealership, used as demonstration vehicles, used by dealership employees for  
15 personal use, or used to haul or pull other vehicles."

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

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21 SECTION 3. If any provision of this act or the application thereof to  
22 any person or circumstance is held invalid, such invalidity shall not affect  
23 other provisions or applications of the act which can be given effect without  
24 the invalid provision or application, and to this end the provisions of this  
25 act are declared to be severable.

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

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30 /s/Todd

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32 BECAME LAW WITHOUT GOVERNOR'S SIGNATURE: 4-10-95

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