

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997  
4

As Engrossed: S3/17/97

## A Bill

ACT 1076 OF 1997  
SENATE BILL 496

5 By: Senator Bradford  
6 By: Representative Ferguson  
7

### For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODES §§ 26-52-103 AND 26-52-301  
10 PERTAINING TO THE PAYMENT OF GROSS RECEIPTS TAXES ON LONG-  
11 TERM MOTOR VEHICLE LEASES; AND FOR OTHER PURPOSES."  
12

### Subtitle

13 "AN ACT TO AMEND ARKANSAS CODES §§ 26-52-  
14 103 AND 26-52-301 PERTAINING TO GROSS  
15 RECEIPTS TAXES ON LONG-TERM MOTOR  
16 VEHICLE LEASES."  
17  
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code § 26-52-103(a)(3)(A) is amended to read as  
22 follows:

23 "(3)(A) Sale is declared to mean the transfer of either the title or  
24 possession, except in the case of leases or rentals, for a valuable  
25 consideration of tangible personal property, regardless of the manner, method,  
26 instrumentality, or device by which the transfer is accomplished.

27 (B) Sale is also declared to include the exchange, barter,  
28 lease, or rental of tangible personal property.

29 (C) (i) In the case of leases or rentals of tangible  
30 personal property, the tax shall be paid on the basis of rental or lease  
31 payments made to the lessor of such tangible personal property during the term  
32 of the lease or rental; however, except for short term rentals and rentals of  
33 motor vehicles for less than thirty (30) days provided in § 26-52-310, the tax  
34 shall not apply to gross receipts or gross proceeds derived from leases or  
35 rentals of tangible personal property upon which either the Arkansas gross  
36 receipts tax or compensating tax was paid at the time of purchase of the

1 tangible personal property.

2 (ii) Any person engaged in the business of leasing or  
3 renting motor vehicles shall collect, report and remit gross receipts tax on  
4 the lease or rental payments in lieu of paying tax at the time of  
5 registration.

6 (D) Sale shall include also the sale, giving away,  
7 exchanging, or other disposition of admissions, dues, or fees to clubs, to  
8 places of amusement, recreational, or athletic events, or for the privilege of  
9 having access to or the use of amusement, athletic, or entertainment  
10 facilities.

11 (E) Sale shall not include the furnishing or rendering of  
12 services, except as otherwise provided in this section;"

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14 SECTION 2. Arkansas Code 26-52-301 which lists taxable sales for  
15 purposes of the gross receipts tax is amended by inserting an additional  
16 paragraph at the end thereof to read as follows:

17 "(7) Contracts, including service contracts, maintenance agreements and  
18 extended warranties, which in whole or in part provide for the future  
19 performance of or payment for services which are subject to gross receipts  
20 tax. The seller of the contract must collect and remit the tax due on the  
21 sale of the contract except when the contract is sold simultaneously with a  
22 motor vehicle in which case the purchaser of the vehicle shall pay gross  
23 receipts tax on the purchase of the contract at the time of vehicle  
24 registration."

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26 SECTION 3. Title 26, Chapter 52, is amended to add a new section to  
27 read as follows:

28 26-52-313. Long-term rental vehicle tax.

29 (a) There is levied a tax to be known as the long-term rental vehicle  
30 tax. The long-term rental vehicle tax shall be levied at the rate of one and  
31 one-half percent (1.5%) on the gross receipts or gross proceeds derived from  
32 rentals of licensed motor vehicles leased for a period of thirty (30) days or  
33 more. The gross receipts or gross proceeds derived from the rentals shall be  
34 taxable only if the Arkansas gross receipts tax, § 26-52-101 et seq., or  
35 compensating tax, § 26-53-101 et seq., was not paid at the time of  
36 registration.

1        (b) The tax shall be collected, reported, and paid in the same manner  
 2 and at the same time as is prescribed by law for the collection, reporting,  
 3 and payment of the tax imposed by the Arkansas gross receipts tax, § 26-52-101  
 4 et seq. If the Chief Fiscal Officer certifies that ten percent (10%) or more  
 5 of all new motor vehicles registered in Arkansas during a calendar year are  
 6 leased vehicles based on information and statistics from a reliable source,  
 7 such as R.L. Polk & Co., then the long-term rental vehicle tax shall expire  
 8 on June 30 of the fiscal year following the calendar year for which such  
 9 certification is made.

10        (c) The rental vehicle tax shall be remitted to the Director of the  
 11 Department of Finance and Administration and shall be deposited in the State  
 12 Treasury as general revenues.

13        (d) Nothing in this section shall apply to the lease or rental of  
 14 diesel trucks rented or leased for commercial shipping or farm machinery or  
 15 farm equipment rented or leased for a commercial purpose.

16        (e) The long-term rental vehicle tax shall not apply to gasoline or  
 17 diesel powered trucks rented or leased for residential moving or shipping.

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19        SECTION 4. If any provision of this act or the application thereof to  
 20 any person or circumstance is held invalid, such invalidity shall not affect  
 21 other provisions or applications of the act which can be given effect without  
 22 the invalid provision or application, and to this end the provisions of this  
 23 act are declared to be severable.

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25        SECTION 5. All laws and parts of laws in conflict with this act are  
 26 hereby repealed.

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/s/Bradford et al

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APPROVED: 4-03-97

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