

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 Enrolled: H1/22/97 H1/29/97 S3/21/97 S3/24/97

A Bill

ACT 1232 OF 1997
HOUSE BILL 1182

5 *By: Representatives Molinaro, Young, Schexnayder, Rorie, Booker, Harris, Teague, Horn, Madison, Judy Smith, Davis, Jones,*
6 *George, Johnson, Wren, Curran, McGehee, Beatty, Lynn, Wilkinson, Kidd, Ammons, Hall, Wilson, McGee, Lavery, McKissack, and*
7 *Wilkins*
8 *By: Senators Webb, Gwatney and Hunter*
9

For An Act To Be Entitled

10
11 "AN ACT TO INCREASE THE SALES AND USE TAX EXEMPTION FOR
12 USED MOTOR VEHICLES FROM TWO THOUSAND DOLLARS (\$2,000) TO
13 TWENTY-FIVE HUNDRED DOLLARS (\$2,500); TO PROVIDE A SALES
14 TAX CREDIT FOR CONSUMERS WHO SELL A USED MOTOR VEHICLE IN
15 LIEU OF TRADING IT IN; AND FOR OTHER PURPOSES."
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Subtitle

17
18 "TO INCREASE THE SALES AND USE TAX
19 EXEMPTION FOR USED MOTOR VEHICLES FROM
20 \$2,000 to \$2,500; TO PROVIDE A SALES TAX
21 CREDIT FOR SELLING A USED MOTOR
22 VEHICLE."
23

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

25

26 SECTION 1. Arkansas Code § 26-52-510(b) is amended to read as follows:

27 "(b)(1)(A) Except as provided herein, ~~When~~ when a used motor vehicle,
28 trailer, or semitrailer is taken in trade as a credit or part payment on the
29 sale of a new or used motor vehicle, trailer, or semitrailer, the tax levied
30 by this chapter and all other gross receipts taxes levied by the state shall
31 be paid on the net difference between the total consideration for the new or
32 used vehicle, trailer, or semitrailer sold and the credit for the used
33 vehicle, trailer, or semitrailer taken in trade.

34 (B) *However, if the total consideration for the sale of the new or used*
35 *motor vehicle, trailer, or semitrailer is less than two thousand five hundred*
36 *dollars ~~(\$2,000)~~ (\$2,500), no tax shall be due.*

1 (C) When a used motor vehicle, trailer, or semitrailer is sold by a
2 consumer, rather than traded-in as a credit or part payment on the sale of a
3 new or used motor vehicle, trailer, or semitrailer, and the consumer
4 subsequently purchases a new or used vehicle, trailer or semitrailer of
5 greater value within forty-five (45) days of the sale, the tax levied by this
6 chapter and all other gross receipts taxes levied by the state shall be paid
7 on the net difference between the total consideration for the new or used
8 vehicle, trailer, or semitrailer purchased subsequently and the amount
9 received from the sale of the used vehicle, trailer, or semitrailer sold in
10 lieu of a trade-in.

11 (2)(A)(i) When a motor vehicle dealer removes a vehicle from its inventory
12 and the vehicle is used by the dealership as a service vehicle, the dealer
13 shall register the vehicle, obtain a certificate of title, and pay sales tax
14 on the listed retail price of the new vehicle.

15 (ii) When the motor vehicle dealer returns the service vehicle to
16 inventory as a used vehicle and replaces it with a new vehicle for dealership
17 use as a service vehicle, the dealer shall pay sales tax on the difference
18 between the listed retail price of the new service vehicle to be used by the
19 dealership and the value of the used service vehicle being returned to
20 inventory. The value of the used service vehicle shall be the highest listed
21 wholesale price reflected in the most current edition of the National
22 Automotive Dealers' Association's Official Used Car Guide.

23 (B)(i) For purposes of this subsection, the term "service vehicle"
24 means a motor vehicle driven exclusively by an employee of the dealership and
25 used either to transport dealership customers or dealership parts and
26 equipment.

27 (ii) "Service vehicle" does not include motor vehicles which are rented
28 by the dealership, used as demonstration vehicles, used by dealership
29 employees for personal use, or used to haul or pull other vehicles."
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31 SECTION 2. Ark. Code Ann. §26-52-510 is amended to add a new subsection
32 to read as follows;

33
34 "(g)(1) For purposes of this section, the total consideration for a used
35 motor vehicle shall be presumed to be the greater of the actual sales price as
36 provided on the bill of sale, invoice or financing agreement, or the average

1 loan value price of the vehicle as listed in the most current edition of a
2 publication which is generally accepted by the industry as providing an
3 accurate valuation of used vehicles. If the published loan value exceeds the
4 invoiced price, then the taxpayer must establish to the Director's
5 satisfaction that the price reflected on the invoice or other document is true
6 and correct. If the Director determines that the invoiced price is not the
7 actual selling price of the vehicle, then the total consideration will be
8 deemed to be the published loan value.

9 (2) For purposes of this section, the total consideration for a new or
10 used trailer or semi-trailer shall be the actual sales price as provided on a
11 bill of sale, invoice or financing agreement. The Director may require
12 additional information to conclusively establish the true selling price of the
13 trailer."

14

15 SECTION 3. Arkansas Code § 26-53-126(b) is amended to read as follows:

16 § (b)(1) When a used motor vehicle, trailer, or semitrailer is taken in
17 trade as a credit or part payment on the sale of a new or used vehicle,
18 trailer, or semitrailer, the tax levied herein and all other use taxes levied
19 by the state shall be paid on the net difference between the total
20 consideration for the new or used vehicle, trailer, or semitrailer sold and
21 the credit for the used vehicle, trailer, or semitrailer taken in trade.

22 (2) However, if the total consideration for the sale of the new or used
23 motor vehicle, trailer, or semitrailer is less than two thousand five hundred
24 dollars (~~\$2,000~~) (\$2,500), no tax shall be due.

25 (3) When a used motor vehicle, trailer, or semitrailer is sold by a
26 consumer, rather than traded-in as a credit or part payment on the sale of a
27 new or used motor vehicle, trailer, or semitrailer, and the consumer
28 subsequently purchases a new or used vehicle, trailer or semitrailer of
29 greater value within forty-five (45) days of the sale, the tax levied by this
30 chapter and all other gross receipts taxes levied by the state shall be paid
31 on the net difference between the total consideration for the new or used
32 vehicle, trailer, or semitrailer purchased subsequently and the amount
33 received from the sale of the used vehicle, trailer, or semitrailer sold in
34 lieu of a trade-in."

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36 SECTION 4. Ark. Code Ann. §26-53-126 is amended to add a new subsection

1 to read as follows:

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3 "(f)(1) For purposes of this section, the total consideration for a used
4 motor vehicle shall be presumed to be the greater of the actual sales price as
5 provided on a bill of sale, invoice or financing agreement, or the average
6 loan value of the vehicle as listed in the most current edition of a
7 publication which is generally accepted by the industry as providing an
8 accurate valuation of used vehicles. If the published loan value exceeds the
9 invoiced price, then the taxpayer must establish to the Director's
10 satisfaction that the price reflected on the invoice or other document is true
11 and correct. If the Director determines that the invoiced price is not the
12 actual selling price of the vehicle, then the total consideration will be
13 deemed to be the published loan value.

14

15 (2) For purposes of this section, the total consideration for a new or
16 used trailer or semi-trailer shall be the actual sales price as provided on a
17 bill of sale, invoice or financing agreement. The Director may require
18 additional information to conclusively establish the true selling price of the
19 trailer."

20

21 SECTION 5. The provisions of this act shall become effective on January
22 1, 1998.

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

27

28 SECTION 7. If any provision of this act or the application thereof to
29 any person or circumstance is held invalid, such invalidity shall not affect
30 other provisions or applications of the act which can be given effect without
31 the invalid provision or application, and to this end the provisions of this
32 act are declared to be severable.

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34 SECTION 8. All laws and parts of laws in conflict with this act are
35 hereby repealed.

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/s/Rep. Molinaro, et al

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APPROVED: 4-09-97