

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 1384

5 By: Representative Holcomb
6

For An Act To Be Entitled

8 AN ACT CONCERNING FEES CHARGED FOR THE RENTAL OF
9 HEAVY EQUIPMENT PROPERTY; TO ALLOW A BUSINESS ENGAGED
10 IN THE BUSINESS OF RENTING HEAVY EQUIPMENT PROPERTY
11 TO COLLECT A RECOVERY FEE FROM CERTAIN CONSUMERS; TO
12 REGULATE THE USE AND DISTRIBUTION OF RECOVERY FEES;
13 AND FOR OTHER PURPOSES.
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Subtitle

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16 TO ALLOW A BUSINESS ENGAGED IN THE
17 BUSINESS OF RENTING HEAVY EQUIPMENT
18 PROPERTY TO COLLECT A RECOVERY FEE FROM
19 CERTAIN CONSUMERS.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code Title 4, Chapter 70, Subchapter 1, is amended
26 to add an additional section to read as follows:

27 4-70-104. Heavy equipment rental recovery fee.

28 (a) As used in this section:

29 (1) "Heavy equipment property" means personal property owned by
30 a business classified within sectors 532310 or 532412 of the North American
31 Industry Classification System, as in effect on January 1, 2017;

32 (2) "Rental" or "renting" means the rental by a dealer of heavy
33 equipment property:

34 (A) For a period of less than one (1) year or for an
35 undefined period; or

36 (B) Under a contract with unlimited terms; and



1 (3) "Rental charge" means the total charge for the rental of
2 heavy equipment property, excluding any separately itemized costs
3 representing charges for related nonrental items, including without
4 limitation pickup and delivery, fuel, or a damage waiver.

5 (b) Except as provided in subsection (c) of this section, a person in
6 the business of renting heavy equipment property in this state may include in
7 a rental agreement or on a rental invoice a recovery fee of one and twenty-
8 five-hundredths percent (1.25%) of the rental charge for the rental of an
9 item of heavy equipment property to a customer located in the state.

10 (c) The recovery fee provided for in this section shall:

11 (1) Not be collected on a rental of heavy equipment property to
12 the United States or this state, including without limitation a county, city,
13 town, agency, board, commission, or institution of this state; and

14 (2) Be exempt from state and local sales and use taxes.

15 (d)(1) A business that collects a recovery fee as provided in this
16 section shall:

17 (A) Account for and hold the recovery fees separately from
18 all other business receipts; and

19 (B) Use the amount of the recovery fee collected under
20 this section solely to pay ad valorem taxes levied on the business's tangible
21 personal property located in this state; and

22 (2)(A) By February 15 of each year, remit to the county in which
23 the business was assessed ad valorem taxes on heavy equipment property any
24 recovery fees collected in the immediately preceding calendar year that
25 exceed the aggregate ad valorem taxes that the business actually paid in that
26 calendar year on the heavy equipment property of the business.

27 (B) If a business that collects a recovery fee under this
28 section pays ad valorem taxes on heavy equipment property in more than one
29 (1) county, the business shall remit any excess recovery fees not used to pay
30 ad valorem taxes on heavy equipment property of the business to each county
31 based on the ratio of ad valorem taxes paid to the county in the immediately
32 preceding calendar year on the heavy equipment property of the business to
33 the total of all ad valorem taxes paid in any county in the immediately
34 preceding calendar year on heavy equipment property of the business.

35 (e) This section does not exempt heavy equipment property from ad
36 valorem taxes.

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2 SECTION 2. EFFECTIVE DATE. This act is effective beginning on and
3 after January 1, 2018.

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6 APPROVED: 03/07/2017
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