

Stricken language would be deleted from and underlined language would be added to present law.
Act 1013 of the Regular Session

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

As Engrossed: H4/19/21

A Bill

HOUSE BILL 1912

5 *By: Representatives Payton, Jett*
6 *By: Senators Rapert, J. Dismang*
7

For An Act To Be Entitled

9 AN ACT TO PROVIDE A REDUCED SALES AND USE TAX RATE
10 FOR CERTAIN USED MOTOR VEHICLES, TRAILERS, AND
11 SEMITRAILERS; AND FOR OTHER PURPOSES.
12
13

Subtitle

15 TO PROVIDE A REDUCED SALES AND USE TAX
16 RATE FOR CERTAIN USED MOTOR VEHICLES,
17 TRAILERS, AND SEMITRAILERS.
18
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. The introductory language to Arkansas Code § 26-52-301,
23 concerning the levy of the sales tax, is amended to read as follows:

24 Except for food and food ingredients that are taxed under § 26-52-317
25 and except for used motor vehicles, trailers, and semitrailers that are taxed
26 under § 26-52-324, there is levied an excise tax of three percent (3%) upon
27 the gross proceeds or gross receipts derived from all sales to any person of
28 the following:
29

30 SECTION 2. Arkansas Code § 26-52-302 is amended to read as follows:
31 26-52-302. Additional taxes levied.

32 (a)(1) In addition to the excise tax levied upon the gross proceeds or
33 gross receipts derived from all sales by this chapter, except for food and
34 food ingredients that are taxed under § 26-52-317 and except for used motor
35 vehicles, trailers, and semitrailers that are taxed under § 26-52-324, there
36 is levied an excise tax of one percent (1%) upon all taxable sales of



1 property, specified digital products, digital codes, and services subject to
2 the tax levied in this chapter.

3 (2) This tax shall be collected, reported, and paid in the same
4 manner and at the same time as is prescribed by law for the collection,
5 reporting, and payment of all other Arkansas gross receipts taxes.

6 (3) In computing gross receipts or gross proceeds as defined in
7 § 26-52-103, a deduction shall be allowed for bad debts resulting from the
8 sale of tangible personal property.

9 (b)(1) In addition to the excise tax levied upon the gross proceeds or
10 gross receipts derived from all sales by this chapter, except for food and
11 food ingredients that are taxed under § 26-52-317 and except for used motor
12 vehicles, trailers, and semitrailers that are taxed under § 26-52-324, there
13 is hereby levied an excise tax of one-half of one percent (0.5%) upon all
14 taxable sales of property, specified digital products, digital codes, and
15 services subject to the tax levied in this chapter.

16 (2) This tax shall be collected, reported, and paid in the same
17 manner and at the same time as is prescribed by law for the collection,
18 reporting, and payment of all other Arkansas gross receipts taxes.

19 (3) However, in computing gross receipts or gross proceeds as
20 defined in § 26-52-103, a deduction shall be allowed for bad debts resulting
21 from the sale of tangible personal property.

22 (c)(1) Except for food and food ingredients that are taxed under § 26-
23 52-317 and except for used motor vehicles, trailers, and semitrailers that
24 are taxed under § 26-52-324, there is levied an additional excise tax of one-
25 half of one percent (0.5%) upon all taxable sales of property, specified
26 digital products, digital codes, and services subject to the tax levied by
27 this chapter.

28 (2) The tax shall be collected, reported, and paid in the same
29 manner and at the same time as is prescribed by this chapter, for the
30 collection, reporting, and payment of Arkansas gross receipts taxes.

31 (d)(1) Except for food and food ingredients that are taxed under § 26-
32 52-317 and except for used motor vehicles, trailers, and semitrailers that
33 are taxed under § 26-52-324, there is levied an additional excise tax of
34 seven-eighths of one percent (0.875%) upon all taxable sales of property,
35 specified digital products, digital codes, and services subject to the tax
36 levied by this chapter.

1 (2) The tax shall be collected, reported, and paid in the same
2 manner and at the same time as prescribed by this chapter, for the
3 collection, reporting, and payment of Arkansas gross receipts taxes.
4

5 SECTION 3. Arkansas Code Title 26, Chapter 52, Subchapter 3, is
6 amended to add an additional section to read as follows:

7 26-52-324. Special tax rate for certain used motor vehicles, trailers,
8 and semitrailers.

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

15 (b) The tax levied in this section shall be in addition to:

16 (1) Any gross receipts or gross proceeds tax levied in the
17 Arkansas Constitution;

18 (2) Any gross receipts or gross proceeds tax levied by a
19 municipality or county; and

20 (3) Any additional gross receipts or gross proceeds tax levied
21 in an Arkansas city and resulting from an election within that city conducted
22 in accordance with §§ 26-52-601 – 26-52-606.

23 (c) For the purpose of determining whether the tax levied by this
24 section applies to the sale of a used motor vehicle, trailer, or semitrailer,
25 the sales price for the used motor vehicle, trailer, or semitrailer shall not
26 be reduced by:

27 (1) The value of a motor vehicle, trailer or semitrailer traded
28 in as part payment on the purchase price of the newly acquired motor vehicle,
29 trailer, or semitrailer; or

30 (2) The amount received by the purchaser for the sale of another
31 motor vehicle, trailer, or semitrailer.

32 (d) The revenues generated by the tax levied under this section shall
33 be distributed as follows:

34 (1) Seventy-six and six-tenths percent (76.6%) of the taxes,
35 interest, penalties, and costs received by the Secretary of the Department of
36 Finance and Administration under this section shall be deposited as general

1 revenues;

2 (2) Eight and five-tenths percent (8.5%) of the taxes, interest,
3 penalties, and costs received by the secretary under this section shall be
4 deposited into the Property Tax Relief Trust Fund; and

5 (3) Fourteen and nine-tenths percent (14.9%) of the taxes,
6 interest, penalties, and costs received by the secretary under this section
7 shall be deposited into the Educational Adequacy Fund.

8 (e) The excise tax levied under this section shall be collected and
9 paid in the same manner and at the same time as is prescribed in § 26-52-510
10 for the collection and payment of gross receipts taxes on motor vehicles,
11 trailers, and semitrailers.

12
13 SECTION 4. Arkansas Code § 26-52-510(b)(1)(B), concerning the direct
14 payment of sales tax by consumer-user on the sale of a new or used motor
15 vehicle, trailer, or semitrailer, is amended to read as follows:

16 (B)(i)(a) However, if If the total consideration for the
17 sale of the new or used motor vehicle, trailer, or semitrailer is less than
18 four thousand dollars (\$4,000), no tax shall be is due.

19 (b) If the total consideration for the sale of
20 a new motor vehicle, trailer, or semitrailer is four thousand dollars
21 (\$4,000) or more, the full gross receipts tax rate levied under this chapter
22 shall be levied and collected.

23 (ii) If the total consideration for the sale of a
24 used motor vehicle, trailer, or semitrailer is at least four thousand dollars
25 (\$4,000) but less than ten thousand dollars (\$10,000), the gross receipts tax
26 due shall be determined under § 26-52-324.

27 (iii) If the total consideration for the sale of a
28 used motor vehicle, trailer, or semitrailer is ten thousand dollars (\$10,000)
29 or more:

30 (a) The exemption under subdivision
31 (b)(1)(B)(i)(a) of this section does not apply;

32 (b) The special tax rate provided in § 26-52-
33 324 does not apply; and

34 (c) The full gross receipts tax rate levied
35 under this chapter shall be levied and collected.

36

1 SECTION 5. Arkansas Code § 26-53-106(a), concerning the imposition and
2 rate of the compensating use tax, is amended to read as follows:

3 (a) There is levied and there shall be collected from every person in
4 this state a tax or excise for the privilege of storing, using, distributing,
5 or consuming within this state tangible personal property, specified digital
6 products, a digital code, or a taxable service purchased for storage, use,
7 distribution, or consumption in this state at the rate of three percent (3%)
8 of the sales price of the tangible personal property, specified digital
9 products, digital code, or taxable service except for food and food
10 ingredients that are taxed under § 26-53-145 and except for used motor
11 vehicles, trailers, and semitrailers that are taxed under § 26-53-150.
12

13 SECTION 6. Arkansas Code § 26-53-107 is amended to read as follows:

14 26-53-107. Additional taxes levied.

15 (a)(1) In addition to the excise tax levied upon the privilege of
16 storing, using, distributing, or consuming tangible personal property,
17 specified digital products, a digital code, and taxable services within this
18 state by this subchapter, there is levied an excise tax of one percent (1%)
19 upon all tangible personal property, specified digital products, digital
20 codes, and taxable services subject to the tax levied in this subchapter
21 except for food and food ingredients that are taxed under § 26-53-145 and
22 except for used motor vehicles, trailers, and semitrailers that are taxed
23 under § 26-53-150.

24 (2) The tax shall be collected, reported, and paid in the same
25 manner and at the same time as is prescribed by law for the collection,
26 reporting, and payment of state compensating taxes.

27 (b)(1) In addition to the excise tax levied upon the privilege of
28 storing, using, distributing, or consuming tangible personal property,
29 specified digital products, a digital code, and taxable services within the
30 state by this subchapter, there is levied an excise tax of one-half of one
31 percent (0.5%) upon all tangible personal property, specified digital
32 products, digital codes, and taxable services subject to the tax levied in
33 this subchapter except for food and food ingredients that are taxed under §
34 26-53-145 and except for used motor vehicles, trailers, and semitrailers that
35 are taxed under § 26-53-150.

36 (2) The tax shall be collected, reported, and paid in the same

1 manner and at the same time as is prescribed by law for the collection,
2 reporting, and payment of Arkansas compensating taxes.

3 (c)(1) There is levied an additional excise tax of one-half of one
4 percent (0.5%) upon all tangible personal property, specified digital
5 products, digital codes, and taxable services subject to the tax levied by
6 this subchapter except for food and food ingredients that are taxed under §
7 26-53-145 and except for used motor vehicles, trailers, and semitrailers that
8 are taxed under § 26-53-150.

9 (2) The tax shall be collected, reported, and paid in the same
10 manner and at the same time as is prescribed by this subchapter for the
11 collection, reporting, and payment of Arkansas compensating taxes.

12 (d)(1) There is levied an additional excise tax of seven-eighths of
13 one percent (0.875%) upon all tangible personal property, specified digital
14 products, digital codes, and taxable services subject to the tax levied by
15 this subchapter except for food and food ingredients that are taxed under §
16 26-53-145 and except for used motor vehicles, trailers, and semitrailers that
17 are taxed under § 26-53-150.

18 (2) The tax shall be collected, reported, and paid in the same
19 manner and at the same time as is prescribed by this subchapter for the
20 collection, reporting, and payment of Arkansas compensating taxes.

21

22 SECTION 7. Arkansas Code § 26-53-126(b)(2), concerning the payment and
23 collection of the use tax on new and used motor vehicles, trailers, or
24 semitrailers, is amended to read as follows:

25 (2)(A)(i) ~~However, if~~ If the total consideration for the sale of
26 the new or used motor vehicle, trailer, or semitrailer is less than four
27 thousand dollars (\$4,000), no tax ~~shall be~~ is due.

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

32 (B) If the total consideration for the sale of a used
33 motor vehicle, trailer, or semitrailer is at least four thousand dollars
34 (\$4,000) but less than ten thousand dollars (\$10,000), the compensating use
35 tax due shall be determined under § 26-53-150.

36 (C) If the total consideration for the sale of a used

1 motor vehicle, trailer, or semitrailer is ten thousand dollars (\$10,000) or
2 more:

3 (a) The exemption under subdivision
4 (b)(2)(A)(i) of this section does not apply;

5 (b) The special tax rate provided in § 26-53-
6 150 does not apply; and

7 (c) The full compensating use tax rate levied
8 under this chapter shall be levied and collected.

9
10 SECTION 8. Arkansas Code Title 26, Chapter 53, Subchapter 1, is
11 amended to add an additional section to read as follows:

12 26-53-150. Special tax rate for certain used motor vehicles, trailers,
13 and semitrailers.

14 (a)(1) In lieu of the compensating use taxes levied under §§ 26-53-106
15 and 26-53-107, there is levied an excise tax for the privilege of storing,
16 using, distributing, or consuming a used motor vehicle, trailer, or
17 semitrailer within this state if the sales price of the used motor vehicle,
18 trailer, or semitrailer is at least four thousand dollars (\$4,000) but less
19 than ten thousand dollars (\$10,000).

20 (2) The excise tax levied under subdivision (a)(1) of this
21 section is levied at the rate of two and eight hundred seventy-five
22 thousandths percent (2.875%) of the sales price of the used motor vehicle,
23 trailer, or semitrailer.

24 (b) The tax levied in this section shall be in addition to:

25 (1) Any compensating use tax levied in the Arkansas
26 Constitution;

27 (2) Any compensating use tax levied by a municipality or county;
28 and

29 (3) Any additional compensating use tax levied in an Arkansas
30 city under § 26-52-607.

31 (c) For the purpose of determining whether the tax levied by this
32 section applies to the sale of a used motor vehicle, trailer, or semitrailer,
33 the sales price for the used motor vehicle, trailer, or semitrailer shall not
34 be reduced by:

35 (1) The value of a motor vehicle, trailer, or semitrailer traded
36 in as part payment on the purchase price of the newly acquired motor vehicle,

1 trailer, or semitrailer; or

2 (2) The amount received by the purchaser for the sale of another
3 motor vehicle, trailer, or semitrailer.

4 (d) The revenues generated by the tax levied under this section shall
5 be distributed as follows:

6 (1) Seventy-six and six-tenths percent (76.6%) of the taxes,
7 interest, penalties, and costs received by the Secretary of the Department of
8 Finance and Administration under this section shall be deposited as general
9 revenues;

10 (2) Eight and five-tenths percent (8.5%) of the taxes, interest,
11 penalties, and costs received by the secretary under this section shall be
12 deposited into the Property Tax Relief Trust Fund; and

13 (3) Fourteen and nine-tenths percent (14.9%) of the taxes,
14 interest, penalties, and costs received by the secretary under this section
15 shall be deposited into the Educational Adequacy Fund.

16 (e) The excise tax levied under this section shall be collected and
17 paid in the same manner and at the same time as is prescribed in § 26-53-126
18 for the collection and payment of compensating use taxes on motor vehicles,
19 trailers, and semitrailers.

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21 SECTION 9. EFFECTIVE DATE. Sections 1-8 of this act are effective on
22 and after January 1, 2022.

23
24 */s/Payton*

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27 **APPROVED: 4/29/21**
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