

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 86th General Assembly  
3 Regular Session, 2007  
4

# A Bill

HOUSE BILL 1017

5 By: Representative Medley  
6 By: Senator J. Taylor  
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## For An Act To Be Entitled

10 AN ACT TO INCREASE THE SALES AND USE TAX  
11 EXEMPTION FOR USED MOTOR VEHICLES; TO REGULARLY  
12 ADJUST THE AMOUNT OF THE EXEMPTION FOR INFLATION;  
13 AND FOR OTHER PURPOSES.  
14

## Subtitle

15 AN ACT TO INCREASE THE SALES AND USE TAX  
16 EXEMPTION FOR USED MOTOR VEHICLES AND TO  
17 REGULARLY ADJUST THE AMOUNT FOR  
18 INFLATION.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code § 26-52-510(b)(1) concerning the exemption of  
25 tax for used motor vehicles is amended to read as follows:

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

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

36 (C) Beginning January 1, 2008, if the total consideration



1 for the sale of the new or used motor vehicle, trailer, or semitrailer is  
 2 less than three thousand two hundred dollars (\$3,200), no tax shall be due.

3 (D) For calendar years beginning on and after January 1,  
 4 2009, the Chief Fiscal Officer of the State shall calculate and implement a  
 5 yearly cost-of-living adjustment, if any, for the exemption in subdivision  
 6 (b)(1)(C) of this section, rounding any subsequent exemption amount to the  
 7 nearest whole dollar.

8 (E) To determine the amount of the exemption in (b)(1)(C)  
 9 of this section for any years beginning on and after January 1, 2009, the  
 10 cost-of-living adjustment is calculated by multiplying the latest year's  
 11 exemption amount by the average percentage increase, if any, in the Consumer  
 12 Price Index for All Urban Consumers (CPI-U), as it is published for the  
 13 previous calendar year. As used in this section, CPI-U means the Consumer  
 14 Price Index for All Urban Consumers published by the United States Department  
 15 of Labor, not to exceed three percent (3%) for any calendar year.

16 (F) The CPI-U for any calendar year is the average of the  
 17 CPI-U for that year as of the close of the twelve-month period ending on  
 18 November 30<sup>th</sup> of that calendar year.

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 20 SECTION 2. Arkansas Code § 26-53-126(b) is amended to read as follows:

21 (b)(1) When a used motor vehicle, trailer, or semitrailer is taken in  
 22 trade as a credit or part payment on the sale of a new or used vehicle,  
 23 trailer, or semitrailer, the tax levied in this subchapter and all other use  
 24 taxes levied by the state shall be paid on the net difference between the  
 25 total consideration for the new or used vehicle, trailer, or semitrailer sold  
 26 and the credit for the used vehicle, trailer, or semitrailer taken in trade.

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

30 (3) Beginning January 1, 2008, if the total consideration for  
 31 the sale of the new or used motor vehicle, trailer, or semitrailer is less  
 32 than three thousand two hundred dollars (\$3,200), no tax shall be due.

33 (4) For calendar years beginning January 1, 2009 and thereafter,  
 34 the Chief Fiscal Officer of the State shall calculate and implement a yearly  
 35 cost-of living adjustment, if any, for the exemption in subdivision (b)(3) of  
 36 this section, rounding any subsequent exemption amount to the nearest whole

1 dollar.

2 (5) To determine the amount of the exemption in (b)(3) of this  
3 section for any years beginning on and after January 1, 2009, the cost-of-  
4 living adjustment is calculated by multiplying the latest year's exemption  
5 amount by the average percentage increase, if any, in the Consumer Price  
6 Index for All Urban Consumers (CPI-U), as it is published for the previous  
7 calendar year. As used in this section, CPI-U means the Consumer Price Index  
8 for All Urban Consumers published by the United States Department of Labor,  
9 not to exceed three percent (3%) for any calendar year.

10 (6) The CPI-U for any calendar year is the average of the CPI-U  
11 for that year as of the close of the twelve-month period ending on November  
12 30<sup>th</sup> of that calendar year.

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14 SECTION 3. This act is effective January 1, 2008.

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