

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011

# A Bill

SENATE BILL 270

4  
5 By: Senator Madison  
6

## For An Act To Be Entitled

8 AN ACT TO ACHIEVE FAIRNESS AMONG RETAILERS BY  
9 CLARIFYING THE APPLICATION OF THE GROSS RECEIPTS TAX  
10 AND COMPENSATING USE TAX TO CONSIGNMENT SALES; AND  
11 FOR OTHER PURPOSES.  
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## Subtitle

14 TO ACHIEVE FAIRNESS AMONG RETAILERS BY  
15 CLARIFYING THE APPLICATION OF THE GROSS  
16 RECEIPTS TAX AND COMPENSATING USE TAX TO  
17 CONSIGNMENT SALES.  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 3 is amended  
24 to add an additional section to read as follows:

25 26-52-323. Consignment sales.

26 (a)(1) As used in this section, "consignment sale" means a transaction  
27 in which the owner of tangible personal property:

28 (A) Gives possession of the tangible personal property to  
29 another person for the purpose of selling the tangible personal property;

30 (B) Retains legal title to the property until it is sold;

31 and

32 (C) Receives a portion of the proceeds from the sale of  
33 the property.

34 (2) "Consignment sale" does not include:

35 (A) An auction in which the principal is disclosed;

36 (B) A residential garage sale or yard sale, or any



1 similar sale of tangible personal property occurring at a location used  
2 primarily as a residence;

3 (C) A sale by a church to the extent the sale is exempt  
4 under § 26-52-401(1); or

5 (D) A sale by a charitable organization to the extent the  
6 sale is exempt under § 26-52-401(2).

7 (b) The gross receipts or gross proceeds derived from a consignment  
8 sale are subject to the gross receipts tax levied by the Arkansas Gross  
9 Receipts Act of 1941, § 26-52-101 et seq., and the compensating use tax  
10 levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

11 (c) The Director of the Department of Finance and Administration shall  
12 promulgate rules to implement this section.

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14 SECTION 2. Arkansas Code § 26-52-401(17), concerning products and  
15 services exempt from gross receipts tax, is amended to read as follows:

16 (17)(A) Gross receipts or gross proceeds derived from isolated  
17 sales not made by an established business+.

18 (B) The exemption granted by this subdivision (17) does  
19 not apply to a consignment sale to the extent stated in § 26-52-323;

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21 SECTION 3. Sections 1 and 2 of this act are effective on the first day  
22 of the calendar quarter following the effective date of this act.

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