

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

As Engrossed: S3/25/13 S3/28/13

# A Bill

SENATE BILL 688

5 By: Senator Teague  
6

## For An Act To Be Entitled

8 AN ACT TO AMEND THE TAX APPLICABLE TO LONG-TERM  
9 RENTALS OF VEHICLES; TO REQUIRE THAT THE LONG-TERM  
10 RENTAL VEHICLE TAX BE PAID ON EACH RENTAL; TO LOWER  
11 THE THRESHOLD FOR THE EXPIRATION OF THE LONG-TERM  
12 RENTAL VEHICLE TAX; AND FOR OTHER PURPOSES.  
13  
14

## Subtitle

15 TO AMEND THE TAX APPLICABLE TO LONG-TERM  
16 RENTALS OF VEHICLES; TO REQUIRE THAT THE  
17 LONG-TERM RENTAL VEHICLE TAX BE PAID ON  
18 EACH RENTAL; AND TO LOWER THE THRESHOLD  
19 FOR THE EXPIRATION OF THE LONG-TERM  
20 RENTAL VEHICLE TAX.  
21  
22  
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
25

26 *SECTION 1. Arkansas Code § 26-52-103(19)(D)(ii), concerning the*  
27 *definition of "sale" under the Arkansas Gross Receipts Act of 1941, is*  
28 *amended to read as follows:*

29 *(ii)(a) ~~In~~ Except as provided in subdivision*  
30 *(19)(D)(ii)(b) of this section, in the case of a lease or rental of tangible*  
31 *personal property, ~~including motor vehicles and trailers~~ for thirty (30) days*  
32 *or more, the tax shall be paid on the basis of rental or lease payments made*  
33 *to the lessor of the tangible personal property during the term of the lease*  
34 *or rental unless Arkansas gross receipts tax or compensating use tax was paid*  
35 *by the lessor at the time of the purchase of the tangible personal property.*

36 *(b) In the case of a lease or rental of a*



1 motor vehicle for thirty (30) days or more, the tax shall be paid on the  
 2 basis of rental or lease payments made to the lessor of the motor vehicle  
 3 during the term of the lease or rental;

4  
 5 SECTION 2. Arkansas Code § 26-63-102(9)(D)(ii), concerning the  
 6 definition of "sale" in relation to Arkansas special excise taxes, is amended  
 7 to read as follows:

8 (ii)(a) ~~In~~ Except as provided in subdivision  
 9 (9)(D)(ii)(b) of this section, in the case of a lease or rental of tangible  
 10 personal property, including motor vehicles and trailers for thirty (30) days  
 11 or more, the tax shall be paid on the basis of rental or lease payments made  
 12 to the lessor of the tangible personal property during the term of the lease  
 13 or rental unless Arkansas gross receipts tax or compensating use tax was paid  
 14 by the lessor at the time of the purchase of the tangible personal property.

15 (b) In the case of a lease or rental of a  
 16 motor vehicle for thirty (30) days or more, the tax shall be paid on the  
 17 basis of rental or lease payments made to the lessor of the motor vehicle  
 18 during the term of the lease or rental;

19  
 20 SECTION 3. Arkansas Code § 26-63-304(a) and (b), concerning the long-  
 21 term rental vehicle tax, are amended to read as follows:

22 (a)(1) In addition to the gross receipts tax levied by the Arkansas  
 23 Gross Receipts Act of 1941, § 26-52-101 et seq., and the compensating use tax  
 24 levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.,  
 25 there is levied a long-term rental vehicle tax at the rate of one and five-  
 26 tenths percent (1.5%) on the gross receipts or gross proceeds derived from a  
 27 rental of a motor vehicle required to be licensed and that is leased for a  
 28 period of thirty (30) days or more.

29 (2) The gross receipts or gross proceeds derived from the rental  
 30 described in subdivision (a)(1) of this section ~~is~~ are taxable ~~only if~~  
 31 regardless of whether the gross receipts tax levied by the Arkansas Gross  
 32 Receipts Act of 1941, § 26-52-101 et seq., or the compensating use tax levied  
 33 by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., was ~~not~~  
 34 paid at the time of registration.

35 (b) If the Chief Fiscal Officer of the State certifies that ~~ten~~  
 36 ~~percent (10%)~~ three percent (3%) or more of all new motor vehicles registered

1 in Arkansas during a calendar year are leased vehicles based on information  
2 and statistics from a reliable source, such as R.L. Polk & Co., then the  
3 long-term rental vehicle tax shall expire on June 30 of the fiscal year  
4 following the calendar year for which the certification is made.

5  
6 SECTION 4. EFFECTIVE DATE. Sections 1 through 3 of this act are  
7 effective on the first day of the calendar quarter following the effective  
8 date of this act.

9  
10 /s/Teague  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36