

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1405

By: Representative Arnold

For An Act To Be Entitled

"AN ACT TO LEVY AN ADDITIONAL TAX TO BE KNOWN AS THE  
'RENTAL VEHICLE TAX'; TO PROHIBIT A SALE FOR RESALE  
GROSS RECEIPTS TAX EXEMPTION FOR LICENSED RENTAL MOTOR  
VEHICLES; AND FOR OTHER PURPOSES."

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

SECTION 1. (a) In addition to the Arkansas gross receipts tax, Arkansas Code 26-52-101, et seq., there is levied a tax to be known as the 'Rental Vehicle Tax'. The rental vehicle tax shall be levied on the gross receipts or gross proceeds derived from rentals of licensed motor vehicles leased for a period of time not exceeding thirty (30) days. The gross receipts or gross proceeds derived from the rentals shall be taxable whether or not the Arkansas gross receipts tax, Arkansas Code 26-52-101, et seq., or compensating tax, Arkansas Code 26-53-101, et seq., was paid at the time of registration.

(b) The rental vehicle tax shall be levied at the same rate as the combined Arkansas Gross Receipts Tax, levied by Arkansas Code 26-52-301 and 26-52-302 and any act supplemental thereto.

(c) Except as provided otherwise in this section, the tax shall be collected, reported and paid in the same manner and at the same time as is prescribed by law for the collection, reporting, payment of the tax imposed by the Arkansas Gross Receipts Tax, Arkansas Code 26-52-101, et seq.

(d) A portion of the rental vehicle tax collected by a person engaged in the business of renting licensed motor vehicles shall be retained by the person as a credit for the Arkansas gross receipts tax or Arkansas compensating tax paid by the person on the purchase of motor vehicles which are licensed by the person and used exclusively for the purpose of rentals for a period of thirty (30) days or less. The credit shall be equal to the amount

of the Arkansas gross receipts tax or Arkansas compensating tax paid by the person on licensed motor vehicles purchased on or after January 1, 1989, and used for the purpose of providing rentals for a period of thirty (30) days or less. If the amount of the rental vehicle tax collected is not sufficient to provide the person the full amount of the credit, the remaining portion of the credit may be carried forward until sufficient tax is collected.

(e) Any amount of rental vehicle tax collected in excess of the amount necessary to provide credits under this section shall be remitted to the Director of the Department of Finance and Administration and shall be deposited in the State Treasury as general revenues.

SECTION 2. The sale of motor vehicles for use as a licensed rental motor vehicle by a person engaged in the business of renting licensed motor vehicles for a period of less than thirty (30) days shall not be a sale for resale for the purpose of the exemption from the Arkansas gross receipts tax provided by Arkansas Code 26-52-401(12).

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 4. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

