

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Representative Davis

A Bill

HOUSE BILL 1885

For An Act To Be Entitled

8 "AN ACT TO PROVIDE A SALES TAX CREDIT TO A CONSUMER WHO
9 TRANSFERS TITLE OF A DAMAGED VEHICLE TO AN INSURANCE
10 COMPANY AND SUBSEQUENTLY PURCHASES A NEW VEHICLE WITHIN
11 NINETY (90) DAYS; AND FOR OTHER PURPOSES."

Subtitle

14 "PROVIDES A SALES TAX CREDIT TO A
15 CONSUMER WHO TRANSFERS A DAMAGED VEHICLE
16 TO AN INSURANCE COMPANY AND PURCHASES A
17 NEW VEHICLE WITHIN 90 DAYS."

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

21 SECTION 1. Arkansas Code §26-52-510 is amended by adding a new
22 subsection to the end thereof to read as follows:

23 "(f)(1) When a motor vehicle (the _damaged vehicle_) sustains damage
24 which causes a consumer to transfer ownership of the damaged vehicle to an
25 insurance company through transfer of title as a result of settlement of an
26 insurance claim and the consumer subsequently purchases a new or used motor
27 vehicle (the _new vehicle_) within ninety (90) days of the transfer, the tax
28 levied by the Arkansas Gross Receipts Act (Arkansas Code §26-52-101 et seq.)
29 and the Arkansas Compensating Tax Act (Arkansas Code §26-53-101 et seq.) and
30 all other gross receipts taxes levied by the state shall be paid on the net
31 difference between the total consideration for the _new vehicle_ purchased
32 subsequently and the proceeds from the transfer of the _damaged vehicle_.

33 (2) The taxpayer shall not be entitled to use the credit unless at the
34 time of registration of the vehicle, the taxpayer provides the Director of
35 the Department of Finance and Administration with a copy of the title to the

1 damaged vehicle reflecting that the taxpayer assigned the title to the
2 insurance company and an original settlement statement signed by the taxpayer
3 and a representative of the insurance company stating total consideration
4 paid for the transfer of the sold vehicle."

5

6 SECTION 2. All provisions of this act of a general and permanent
7 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
8 Code Revision Commission shall incorporate the same in the Code.

9

10 SECTION 3. If any provision of this act or the application thereof to
11 any person or circumstance is held invalid, such invalidity shall not affect
12 other provisions or applications of the act which can be given effect without
13 the invalid provision or application, and to this end the provisions of this
14 act are declared to be severable.

15

16 SECTION 4. All laws and parts of laws in conflict with this act are
17 hereby repealed.

18

19 SECTION 5. EMERGENCY. It is hereby found and determined by the
20 Eightieth General Assembly of the State of Arkansas that currently a sales
21 tax is levied on the purchase of all new and used motor vehicles, including
22 the purchase of a vehicle to replace a damaged vehicle which is transferred
23 to an insurance company through an insurance settlement; that such tax
24 results in an unnecessary burden on taxpayers by forcing them to pay a
25 portion of their insurance proceeds towards the sales tax on a replacement
26 vehicle; that the provisions of this act allow a taxpayer a sales tax
27 exemption for the purchase of a replacement vehicle within ninety days of the
28 date the damage vehicle is transferred to an insurance company, thus
29 eliminating this undue tax burden. Therefore, an emergency is hereby
30 declared to exist and this act being necessary for the immediate preservation
31 of the public peace, health, and safety, shall be in full force and effect
32 immediately.

33

34

35

1
2