

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

# A Bill

SENATE BILL 107

## For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE § 26-52-510 TO PROVIDE A  
SALES TAX CREDIT FOR CONSUMERS WHO SELL THEIR USED CARS IN  
LIEU OF TRADING IT IN ON A NEW CAR PURCHASE; AND FOR OTHER  
PURPOSES."

## Subtitle

"TO PROVIDE A SALES TAX CREDIT FOR  
CONSUMERS WHO SELL THEIR USED CARS IN  
LIEU OF A TRADE-IN ON A NEW CAR  
PURCHASE."

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

*SECTION 1. Ark. Code Ann. §26-52-510(b) is amended to read as follows:*

*"(b)(1) When a used motor vehicle, trailer, or semitrailer is taken in trade as a credit or part payment on the sale of a new or used motor vehicle, trailer, or semitrailer, the tax levied by this chapter and all other gross receipts taxes levied by the state shall be paid on the net difference between the total consideration for the new or used vehicle, trailer, or semitrailer sold and the credit for the used vehicle, trailer, or semitrailer taken in trade. However, if the total consideration for the sale of the new or used motor vehicle, trailer, or semitrailer is less than two thousand dollars (\$2,000), no tax shall be due.*

*(2)(A) When a used motor vehicle, trailer, or semitrailer (the 'sold vehicle') is sold by a consumer, rather than traded-in as a credit or as part payment on the sale of a new or used motor vehicle, trailer, or semitrailer, and the consumer subsequently purchases a new or used vehicle (the 'new vehicle') within thirty (30) days of the sale, the tax levied by*

1 this chapter and all other gross receipts taxes levied by the state shall be  
2 paid on the net difference between the total consideration for the 'new  
3 vehicle' purchased subsequently and the proceeds from the sale of the 'sold  
4 vehicle.' However, if the total consideration for the sale of the new  
5 vehicle is less than two thousand dollars (\$2,000), no tax shall be due.

6 (B) The taxpayer shall not be entitled to use the credit  
7 unless at the time of registration of the vehicle, the taxpayer provides the  
8 Director with (1) an original bill of sale signed by the taxpayer and buyer  
9 stating the total gross receipts or gross proceeds for the sale of the 'sold  
10 vehicle', and the description and vehicle identification number (VIN) of the  
11 'sold vehicle'; (2) a copy of the title to the 'sold vehicle' reflecting that  
12 the taxpayer assigned the title to the buyer; and (3) proof that the buyer  
13 registered the 'sold vehicle' and the amount reported as the purchase price  
14 at the time of registration."  
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16 SECTION 2. Ark. Code Ann. §26-53-126(b) is amended to read as follows:

17 "(b)(1) When a used motor vehicle, trailer, or semitrailer is taken in  
18 trade as a credit or part payment on the sale of a new or used vehicle,  
19 trailer, or semitrailer, the tax levied herein and all other use taxes levied  
20 by the state shall be paid on the net difference between the total  
21 consideration for the new or used vehicle, trailer, or semitrailer sold and  
22 the credit for the used vehicle, trailer, or semitrailer taken in trade.  
23 However, if the total consideration for the sale of the new or used motor  
24 vehicle, trailer, or semitrailer is less than two thousand dollars (\$2,000),  
25 no tax shall be due.

26 (2)(A) When a used motor vehicle, trailer, or semitrailer (the  
27 'sold vehicle') is sold by a consumer, rather than traded-in as a credit or  
28 as part payment on the sale of a new or used motor vehicle, trailer, or  
29 semitrailer, and the consumer subsequently purchases a new or used vehicle  
30 (the 'new vehicle') within thirty (30) days of the sale, the tax levied by  
31 this chapter and all other use taxes levied by the state shall be paid on the  
32 net difference between the total consideration for the 'new vehicle'  
33 purchased subsequently and the proceeds from the sale of the 'sold vehicle.'  
34 However, if the total consideration for the sale of the new vehicle is less  
35 than two thousand dollars (\$2,000), no tax shall be due.

1                   (B) *The taxpayer shall not be entitled to use the credit*  
2 *unless at the time of registration of the vehicle, the taxpayer provides the*  
3 *Director with (1) an original bill of sale signed by the taxpayer and buyer*  
4 *stating the total gross receipts or gross proceeds for the sale of the 'sold*  
5 *vehicle', and the description and vehicle identification number (VIN) of the*  
6 *'sold vehicle'; (2) a copy of the title to the \_sold vehicle\_ reflecting that*  
7 *the taxpayer assigned the title to the buyer; and (3) proof that the buyer*  
8 *registered the 'sold vehicle' in Arkansas and paid Arkansas sales and use tax*  
9 *at the time of registration."*

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11           SECTION 3. All provisions of this act of general and permanent nature  
12 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
13 Revision Commission shall incorporate the same in the Code.

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15           SECTION 4. If any provisions of this act or the application thereof to  
16 any person or circumstance is held invalid, the invalidity shall not affect  
17 other provisions or applications of the act which can be given effect without  
18 the invalid provisions or application, and to this end the provisions of this  
19 act are declared to be severable.

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21           SECTION 5. All laws and parts of laws in conflict with this act are  
22 hereby repealed.

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*/s/Hoofman*

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