

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

A Bill

SENATE BILL 286

For An Act To Be Entitled

8 "AN ACT TO AMEND VARIOUS SECTIONS OF THE ARKANSAS CODE TO
9 REQUIRE PURCHASERS OF VEHICLES TO OBTAIN CERTIFICATES OF
10 INSPECTION AND APPLY FOR REGISTRATION AND ISSUANCE OF
11 CERTIFICATES OF TITLE FOR SUCH VEHICLES WITHIN TWENTY (20)
12 DAYS FROM THE DATE OF PURCHASE; TO REQUIRE THE SELLER OF A
13 VEHICLE TO ASSIGN AND DELIVER THE CERTIFICATE OF TITLE TO
14 THE PURCHASER AT THE TIME OF DELIVERING THE VEHICLE; TO
15 PREVENT PERSONS WHO HAVE SECURED A BONDED CERTIFICATE OF
16 TITLE FROM NULLIFYING THE BONDED INDEMNIFICATION BY
17 APPLYING FOR A TITLE IN ANOTHER STATE; TO CLARIFY THAT THE
18 ISOLATED SALE EXEMPTION DOES NOT APPLY TO VEHICLES; TO
19 CLARIFY THAT A 10% PENALTY IS DUE FOR LATE PAID SALES TAX
20 ON VEHICLES; AND FOR OTHER PURPOSES."

Subtitle

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23 "AN ACT TO REQUIRE VEHICLES TO BE
24 REGISTERED AND INSPECTED WITHIN TWENTY
25 (20) DAYS OF PURCHASE; TO CLARIFY THAT
26 VEHICLES ARE NOT SUBJECT TO ISOLATED
27 SALE EXEMPTION AND PENALTY IS DUE FOR
28 LATE PAID VEHICLE SALES TAX."

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

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32 SECTION 1. Arkansas Code § 27-14-903(a) is amended to read as follows:
33 "(a)(1) The transferee of any new or used vehicle required by law to be
34 registered shall apply for, or cause to be applied for, the registration
35 thereof within twenty (20)days after the date of the release of lien by a

1 prior lienholder as provided in § 27-14-909, or twenty (20) days after the
2 date of the transfer if no lien exists.

3 (2) No vehicle shall be operated upon a public street or highway for
4 more than twenty (20) days after the release of lien by a prior lienholder as
5 provided in § 27-14-909, or twenty (20) days after the transfer date if no
6 lien exists, unless a valid registration plate is properly attached thereto."

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8 SECTION 2. Arkansas Code § 27-14-907(a)(1) is amended to read as
9 follows:

10 "(a)(1) Whenever the title or interest of an owner in or to a
11 registered vehicle shall pass to another by a method other than voluntary
12 transfer, the registration of the vehicle shall expire, and the vehicle shall
13 not be operated upon public streets or highways for more than twenty (20)days
14 after the transfer date unless a valid registration plateis attached
15 thereto."

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17 SECTION 3. Arkansas Code § 27-14-902(d) is amended to read as follows:

18 "(d) The owner shall endorse an assignment and warranty of title upon
19 the certificate of title for the vehicle and he shall deliver the certificate
20 of title to the purchaser or transferee at the time of delivering the
21 vehicle, except as provided in §27-14-906 and §27-14-909."

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23 SECTION 4. Arkansas Code § 27-32-108 is amended to read as follows:

24 "27-32-108. Inspection required on sale or transfer.

25 (a) Every motor vehicle, trailer, semitrailer, and pole trailer
26 registered in this state and subsequently sold or transferred must have a new
27 or current official certificate of inspection and approval if the annual
28 inspection for safety on the motor vehicle, trailer, semitrailer, or pole
29 trailer was conducted more than thirty (30) days prior to the transfer or
30 sale.

31 (b) No motor vehicle, trailer, semitrailer, or pole trailer shall be
32 operated upon a public street or highway for more than twenty (20) days after
33 the transfer date unless a valid certificate of inspection and approval is
34 properly attached thereto."

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1 SECTION 5. Arkansas Code § 27-14-409(c) is amended to read as follows:

2 "(c)(1) If the office is not satisfied as to the ownership of a vehicle
3 or that there are no undisclosed security interests in it, the office may
4 accept the application but shall, as a condition of issuing a certificate of
5 title, require the applicant to file with the office a bond in the form
6 prescribed by the office.

7 (2) The bond shall be in an amount equal to one and one-half (1 1/2)
8 times the value of the vehicle as determined by the office.

9 (3)(A) The bond shall be conditioned to indemnify any prior owner and
10 lienholder and any subsequent purchaser of the vehicle, or person acquiring
11 any security interest in it, and their respective successors in interest,
12 heirs, or assigns against any expense, loss, or damage, including reasonable
13 attorney's fees, by reason of the issuance of the certificate of title of the
14 vehicle.

15 (B) Any such interested person has a right of action to recover
16 on the bond for any breach of its conditions, but the aggregate liability of
17 the surety to all persons shall not exceed the amount of the bond.

18 (4) The bond, and any deposit accompanying it, shall be returned at
19 the end of three (3) years, unless the office has been notified of the
20 pendency of an action to recover on the bond."

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22 SECTION 6. Arkansas Code § 26-52-510(a) is amended to read as follows:

23 "(a)(1) The tax levied by this chapter and all other gross receipts
24 taxes levied by the state in respect to the sale of new or used motor
25 vehicles, trailers, or semitrailers required to be licensed in this state
26 shall be paid by the consumer to the Director of the Department of Finance
27 and Administration instead of being collected by the dealer or seller, and it
28 is the mandatory duty of the director to require the payment of such tax at
29 the time of registration before issuing licenses for new or used motor
30 vehicles or trailers. The tax shall apply regardless of whether the motor
31 vehicle, trailer or semitrailer is sold by a vehicle dealer or an individual,
32 corporation or partnership not licensed as a vehicle dealer. The exemption
33 provided for in § 26-52-401 for isolated sales shall not apply to the sale of
34 motor vehicles, trailers, or semitrailers.

35 (2) The tax levied by this chapter and all other gross receipts taxes

1 levied by the state in respect to the sale of new or used motor vehicles,
2 trailers or semitrailers required to be licensed in this state shall be paid
3 by the consumer on or before the time for registration as prescribed by § 27-
4 14-903(a). Failure to pay the tax when due shall result in an assessment of
5 a penalty equal to ten percent (10%) of the amount of tax due. The penalty
6 must be paid to the director along with the tax before the vehicle license
7 will be issued."

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9 SECTION 7. Arkansas Code § 26-53-126(a) is amended to read as follows:

10 "(a)(1) All new and used motor vehicles, trailers, or semitrailers
11 required to be licensed in this state shall, upon being registered in this
12 state, be subject to the tax levied herein and all other use taxes levied by
13 the state irrespective of whether such motor vehicle, trailer, or semitrailer
14 was purchased from a dealer or an individual. The tax shall be paid to the
15 director by the person making application to register the motor vehicle,
16 trailer, or semitrailer instead of being collected by the dealer or
17 individual seller. It shall be the mandatory duty of the director to collect
18 the tax before issuing a license for any motor vehicle, trailer, or
19 semitrailer. The exemption provided for in § 26-52-401 for isolated sales
20 shall not apply to the sale of motor vehicles, trailers and semitrailers.

21 (2) The tax levied herein and all other use taxes levied by the state
22 shall be paid on or before the time for registration as prescribed by § 27-
23 14-903(a). Failure to pay the tax when due shall result in an assessment of
24 a penalty equal to ten percent (10%) of the amount of tax due. The penalty
25 must be paid to the director along with the tax before the vehicle license
26 will be issued."

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

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32 SECTION 9. If any provision of this act or the application thereof to
33 any person or circumstance is held invalid, such invalidity shall not affect
34 other provisions or applications of the act which can be given effect without
35 the invalid provision or application, and to this end the provisions of this

1 act are declared to be severable.

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3 SECTION 10. All laws and parts of laws in conflict with this act are
4 hereby repealed.

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6 SECTION 11. EMERGENCY. It is hereby found and determined by the
7 General Assembly that current law imposes a 10% penalty on late payment of
8 sales or use tax on motor vehicles and trailers; that current law disallows
9 the isolated sales exemption to a purchase of a motor vehicle or trailer;
10 that each of these provisions are in need of clarification to ensure the
11 original legislative intent is fulfilled; and that Sections 6 and 7 of this
12 act should be effective immediately to prevent possible confusion among the
13 taxpayers of this state. Therefore, an emergency is hereby declared to exist
14 and Sections 6 and 7 of this act being necessary for the immediate
15 preservation of the public peace, health and safety shall be in full force
16 and effect immediately upon its passage and approval.

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