

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

A Bill

SENATE BILL 830

For An Act To Be Entitled

8 "AN ACT TO PROVIDE THAT COUNTY AND CITY SALES TAXES SHALL
9 BE COLLECTED AT THE RATE LEVIED IN THE CITY OR COUNTY IN
10 WHICH THE ITEMS SUBJECT TO THE TAX ARE DELIVERED; AND FOR
11 OTHER PURPOSES."

Subtitle

14 "TO PROVIDE THAT COUNTY AND CITY SALES
15 TAXES SHALL BE COLLECTED AT THE RATE
16 LEVIED IN THE CITY OR COUNTY IN WHICH
17 THE ITEMS SUBJECT TO THE TAX ARE
18 DELIVERED."

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

22 *SECTION 1. Ark. Code §26-74-212 is amended to read as follows:*

23 *"§26-74-212. Applicability of tax.*

24 *(a)(1) A county sales tax levied pursuant to the authority granted in*
25 *this subchapter or in §26-74-301 et. seq., shall be applicable to sales of*
26 *items of tangible personal property and services sold by a business located*
27 *in the levying county to a resident of the levying county. Sales of items of*
28 *tangible personal property (including motor vehicles) to nonresidents of the*
29 *county shall be subject to the imposition of a county compensating use tax in*
30 *the county where the item is delivered to the purchaser for the first use,*
31 *storage or consumption, and the local county compensating use tax shall be*
32 *collected by the vendor, whether the vendor is located within Arkansas or*
33 *not, (except for the vendors of motor vehicles, because the local*
34 *compensating use tax attributable to the purchase of a motor vehicle shall be*
35 *paid by the person registering the motor vehicle). Sales of services to a*

1 nonresident shall be subject to the county sales tax applicable in the
2 levying county where the services are actually performed, and such county
3 sales taxes shall be collected by the vendor of such services. The county
4 sales tax levied by the county where the seller is located shall not be
5 applicable to the sale of items of tangible personal property and services
6 sold to a nonresident of the levying county, if the sale is made for delivery
7 to an address which is in a county that does not impose a county sales tax,
8 and the sale is of an item that is primarily sold through meter and by route
9 delivery, if the sale is documented by a sales invoice indicating that the
10 sale was made for delivery, and that delivery was actually made to the person
11 at the place noted thereon located outside a county in which a sales tax is
12 levied.

13 (2) When a motor vehicle is sold to a person who resides in
14 Arkansas but outside the county where the sale was made, and the county of
15 residence of the purchaser levies a local sales tax and a local compensating
16 use tax, a county compensating use tax shall be collected at the rate levied
17 in the county of residence of the purchaser, and in that event the amount of
18 the local compensating use tax shall be transmitted to the county of
19 residence of the purchaser.

20 (b) The county sales tax shall not be applicable to the sale of the
21 following items, if the sale is made to a nonresident of the levying county
22 and the sales invoice indicates that the sale was made for delivery to, and
23 delivery was actually made to, an address which is located in a county that
24 does not impose a county sales tax:

- 25 (1) aviation fuel;
- 26 (2) distillate special fuel used for agricultural purposes;
- 27 (3) agricultural machinery, parts, repairs, and supplies
28 therefor;
- 29 (4) water wells and water well supplies;
- 30 (5) agricultural feed, seed, and fertilizer; and
- 31 (6) agricultural chemicals.

32 (c) When a direct pay permit holder purchases tangible personal
33 property either from an Arkansas or out of state vendor for use, storage,
34 consumption or distribution in Arkansas, the permit holder shall accrue and
35 remit the county sales tax or county compensating use tax, if any, of the

1 county where the property is first stored, consumed, or distributed. When a
2 direct pay permit holder purchases taxable services, the permit holder shall
3 accrue and remit the county sales tax, if any, of the county where the
4 services are performed."

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6 SECTION 2. Ark. Code §26-75-216 is amended to read as follows:

7 "§26-75-216. Applicability of tax.

8 (a)(1) A city sales tax levied pursuant to the authority granted in
9 this subchapter or in §26-75-301 et seq., shall be applicable to sales of
10 items of tangible personal property and services sold by a business located
11 in a levying city to a resident of the levying city. Sales of items of
12 tangible personal property (including motor vehicles) to nonresidents of the
13 city shall be subject to the imposition of a city compensating use tax in the
14 city where the item is delivered to the purchaser for the first use, storage
15 or consumption, and the local city compensating use tax shall be collected by
16 the vendor, whether the vendor is located within Arkansas or not, (except for
17 the vendors of motor vehicles, because the local compensating use tax
18 attributable to the purchase of a motor vehicle shall be paid by the person
19 registering the motor vehicle). Sales of services to a nonresident of the
20 seller_s city shall be subject to the city sales tax applicable in the
21 levying city where the services are actually performed, and such city sales
22 taxes shall be collected by the vendor of such services. The city sales tax
23 levied by the city where the seller is located shall not be applicable to the
24 sale of items of tangible personal property and services sold to a
25 nonresident of the levying city if the sale is made for delivery to an
26 address which is in a city that does not impose a city sales tax, and the
27 sale is of an item that is primarily sold through meter and by route
28 delivery, if the sale is documented by a sales invoice indicating that the
29 sale was made for delivery, and that delivery was actually made to the person
30 at the place noted thereon located outside a city in which a local city sales
31 tax is levied.

32 (2) When a motor vehicle is sold to a person who resides in
33 Arkansas but outside the city where the sale was made, and the city of
34 residence of the purchaser levies a sales tax and a compensating use tax, a
35 compensating use tax shall be collected at the rate levied in the city of

1 residence of the purchaser, and in that event the local city compensating use
2 tax shall be transmitted to the city of residence of the purchaser.

3 (b) The city sales tax shall not be applicable to the sale of the
4 following items, if the sale is made to a nonresident of the levying city and
5 the sales invoice indicates that the sale was made for delivery to, and
6 delivery was actually made to, an address which is located in a city that
7 does not impose a city sales tax:

8 (1) aviation fuel;

9 (2) distillate special fuel used for agricultural purposes;

10 (3) agricultural machinery, parts, repairs, and supplies
11 therefor;

12 (4) water wells and water well supplies;

13 (5) agricultural feed, seed, and fertilizer; and

14 (6) agricultural chemicals.

15 (c) When a direct pay permit holder purchases tangible personal
16 property either from an Arkansas or out of state vendor for use, storage,
17 consumption or distribution in Arkansas, the permit holder shall accrue and
18 remit the local city sales tax or local city compensating use tax, if any, of
19 the city where the property is first stored, consumed, or distributed. When
20 a direct pay permit holder purchases taxable services, the permit holder
21 shall accrue and remit the sales tax, if any, of the city where the services
22 are performed."

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24 SECTION 3. All provisions of this act of a general and permanent
25 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
26 Code Revision Commission shall incorporate the same in the Code.

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28 SECTION 4. If any provision of this act or the application thereof to
29 any person or circumstance is held invalid, such invalidity shall not affect
30 other provisions or applications of the act which can be given effect without
31 the invalid provision or application, and to this end the provisions of this
32 act are declared to be severable.

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

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