

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

A Bill

HOUSE BILL 1023

4 By: Representatives Young and Schexnayder

5
6
7

For An Act To Be Entitled

8 "AN ACT TO INCREASE THE SALES AND USE TAX EXEMPTION FOR
9 USED MOTOR VEHICLES FROM TWO THOUSAND DOLLARS (\$2,000) TO
10 FIVE THOUSAND DOLLARS (\$5,000); AND FOR OTHER PURPOSES."

11

Subtitle

12
13 "TO INCREASE THE SALES TAX EXEMPTION FOR
14 USED MOTOR VEHICLES FROM \$2,000 TO
15 \$5,000."

16

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

18

19 SECTION 1. Arkansas Code § 26-52-510(b) is amended to read as follows:

20 "(b)(1)(A) When a used motor vehicle, trailer, or semitrailer is taken
21 in trade as a credit or part payment on the sale of a new or used motor
22 vehicle, trailer, or semitrailer, the tax levied by this chapter and all other
23 gross receipts taxes levied by the state shall be paid on the net difference
24 between the total consideration for the new or used vehicle, trailer, or
25 semitrailer sold and the credit for the used vehicle, trailer, or semitrailer
26 taken in trade.

27 (B) However, if the total consideration for the sale of the
28 new or used motor vehicle, trailer, or semitrailer is less than five thousand
29 dollars (\$5,000), no tax shall be due.

30 (2)(A)(i) When a motor vehicle dealer removes a vehicle from its
31 inventory and the vehicle is used by the dealership as a service vehicle, the
32 dealer shall register the vehicle, obtain a certificate of title, and pay
33 sales tax on the listed retail price of the new vehicle.

34 (ii) When the motor vehicle dealer returns the
35 service vehicle to inventory as a used vehicle and replaces it with a new
36 vehicle for dealership use as a service vehicle, the dealer shall pay sales

1 tax on the difference between the listed retail price of the new service
2 vehicle to be used by the dealership and the value of the used service vehicle
3 being returned to inventory. The value of the used service vehicle shall be
4 the highest listed wholesale price reflected in the most current edition of
5 the National Automotive Dealers_ Association_s Official Used Car Guide.

6 (B)(i) For purposes of this subsection, the term _service
7 vehicle_ means a motor vehicle driven exclusively by an employee of the
8 dealership and used either to transport dealership customers or dealership
9 parts and equipment.

10 (ii) _Service vehicle_ does not include motor
11 vehicles which are rented by the dealership, used as demonstration vehicles,
12 used by dealership employees for personal use, or used to haul or pull other
13 vehicles."

14

15 SECTION 2. Arkansas Code § 26-53-126(b) is amended to read as follows:

16 "(b) When a used motor vehicle, trailer, or semitrailer is taken in
17 trade as a credit or part payment on the sale of a new or used vehicle,
18 trailer, or semitrailer, the tax levied herein and all other use taxes levied
19 by the state shall be paid on the net difference between the total
20 consideration for the new or used vehicle, trailer, or semitrailer sold and
21 the credit for the used vehicle, trailer, or semitrailer taken in trade.
22 However, if the total consideration for the sale of the new or used motor
23 vehicle, trailer, or semitrailer is less than five thousand dollars (\$5,000),
24 no tax shall be due."

25

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

29

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

35

36 SECTION 5. All laws and parts of laws in conflict with this act are

1 hereby repealed.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35