

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4 By: Senators Walker and Hoofman
5 Representative Brown
6

A Bill

SENATE BILL 11

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 EIGHT THOUSAND (\$8,000); AND FOR OTHER PURPOSES."
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Subtitle

13 "TO INCREASE THE SALES TAX EXEMPTION FOR
14 USED MOTOR VEHICLES FROM \$2,000 TO
15 \$8,000."
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Arkansas Code § 26-52-510(b) is amended to read as follows:

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

28 (B) However, if the total consideration for the sale of the new or
29 used motor vehicle, trailer, or semitrailer is less than eight thousand
30 dollars (\$8,000), no tax shall be due.

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

35 (ii) When the motor vehicle dealer returns the service vehicle to

1 inventory as a used vehicle and replaces it with a new vehicle for dealership
2 use as a service vehicle, the dealer shall pay sales tax on the difference
3 between the listed retail price of the new service vehicle to be used by the
4 dealership and the value of the used service vehicle being returned to
5 inventory. The value of the used service vehicle shall be the highest listed
6 wholesale price reflected in the most current edition of the National
7 Automotive Dealers' Association's Official Used Car Guide.

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

12 (ii) 'Service vehicle' does not include motor vehicles which are
13 rented by the dealership, used as demonstration vehicles, used by dealership
14 employees for personal use, or used to haul or pull other vehicles."

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

17 "(b) 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 eight thousand dollars (\$8,000),
25 no tax shall be due."

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

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

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

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