

Stricken language would be deleted from present law. Underlined language would be added to present law.

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

As Engrossed: S2/6/97 S3/12/97

A Bill

SENATE BILL 138

4
5 By: Senators Webb
6 By: Representative Miller

For An Act To Be Entitled

9 "AN ACT TO EXEMPT MOTOR VEHICLES FROM SALES AND USE TAX IF
10 THE VEHICLE IS AT LEAST 10 YEARS OLD OR HAS AN AVERAGE
11 NADA RETAIL VALUE OF LESS THAN \$2,000; TO REPEAL THE
12 EXEMPTION FOR MOTOR VEHICLES WITH SALES PRICE OF LESS THAN
13 \$2,000; TO REPEAL THE EXEMPTION FOR TRAILERS AND
14 SEMITRAILERS; AND FOR OTHER PURPOSES."

Subtitle

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17 "EXEMPTS MOTOR VEHICLES FROM SALES TAX
18 IF AT LEAST 10 YEARS OLD OR IF NADA
19 RETAIL VALUE IS LESS THAN \$2,000;
20 REPEALS EXEMPTION FOR MOTOR VEHICLES
21 WITH SALES PRICE OF LESS THAN \$2,000;
22 REPEALS EXEMPTION FOR TRAILERS."

23
24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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

28 "(B)(i) ~~However, if the total consideration for the sale of the new or~~
29 ~~used motor vehicle, trailer, or semitrailer is less than two thousand dollars~~
30 ~~(\$2,000), no tax shall be due.~~ However, no tax shall be due if: (1) the model
31 year of the motor vehicle being registered is at least 10 years less than the
32 current calendar year and the NADA retail value of the vehicle is less than
33 \$10,000, or (2) the average retail value of the motor vehicle being registered
34 is less than \$2,000 based upon the current edition of the NADA Official Used
35 Car Guide and the model year of the vehicle being registered is nine (9) years
36 or less than the current calendar year.

1 (ii) All used trailers and semitrailers are subject to sales tax
2 without regard to age, sales price or value."

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4 SECTION 2. Ark. Code Ann. § 26-52-510 is amended to add a new
5 subsection to read as follows:

6 (g)(1) For purposes of this section, the total consideration for a
7 used motor vehicle shall be presumed to be the greater of the actual sales
8 price as provided on a bill of sale, invoice or financing agreement, or
9 eighty-five percent (85%) of the NADA retail value of the vehicle as reflected
10 in the most current edition of that publication. If the invoiced price is
11 less than eighty-five percent (85%) of the NADA retail value, then the
12 taxpayer must provide to the Director an affidavit signed by both buyer and
13 seller attesting to the true selling price under penalty of false swearing.
14 If the Director determines that the invoiced price is not the actual selling
15 price of the vehicle, then the total consideration will be deemed to be
16 eighty-five percent (85%) of the NADA retail value of the vehicle.

17 (2) For purposes of this section, the total consideration for a
18 new or used trailer or semi-trailer shall be the actual sales price as
19 provided on a bill of sale, invoice or financing agreement. The Director may
20 require additional information to conclusively establish the true selling
21 price of the trailer.

22 (3) No tax is due where a vehicle is transferred without
23 consideration.

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25 SECTION 3. Ark. Code Ann. §26-53-126(b) is amended to read as follows:

26 "(b)(1) When a used motor vehicle, trailer, or semitrailer is taken in
27 trade as a credit or part payment on the sale of a new or used vehicle,
28 trailer, or semitrailer, the tax levied herein and all other use taxes levied
29 by the state shall be paid on the net difference between the total
30 consideration for the new or used vehicle, trailer, or semitrailer sold and
31 the credit for the used vehicle, trailer, or semitrailer taken in trade.
32 ~~However, if the total consideration for the sale of the new or used motor~~
33 ~~vehicle, trailer, or semitrailer is less than two thousand dollars (\$2,000),~~
34 ~~no tax shall be due. However, no tax shall be due if: (1) the model year of~~
35 ~~the motor vehicle being registered is at least 10 years less than the current~~
36 ~~calendar year and the NADA retail value of the vehicle is less than \$10,000,~~

1 or (2) the average retail value of the motor vehicle being registered is less
2 than \$2,000 based upon the current edition of the NADA Official Used Car Guide
3 and the model year of the vehicle being registered is nine (9) years or less
4 than the current calendar year.

5 (2) All used trailers and semitrailers are subject to sales tax without
6 regard to age, sales price or value."

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8 SECTION 4. Ark. Code Ann. § 26-53-126 is amended to add a new
9 subsection to read as follows:

10 (f)(1) For purposes of this section, the total consideration for a
11 used motor vehicle shall be presumed to be the greater of the actual sales
12 price as provided on a bill of sale, invoice or financing agreement, or
13 eighty-five percent (85%) of the NADA retail value, then the taxpayer must
14 provide to the Director an affidavit signed by both buyer and seller attesting
15 to the true selling price under penalty of false swearing. If the Director
16 determines that the invoiced price is not the actual selling price of the
17 vehicle, then the total consideration will be deemed to be eighty-five percent
18 (85%) of the NADA retail value of the vehicle.

19 (2) For purposes of this section, the total consideration for a
20 new or used trailer or semi-trailer shall be the actual sales price as
21 provided on a bill of sale, invoice or financing agreement. The Director may
22 require additional information to conclusively establish the true selling
23 price of the trailer.

24 (3) No tax is due where a vehicle is transferred without
25 consideration.

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27 SECTION 5. The provisions of this act shall become effective on January
28 1, 1998.

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30 SECTION 6. All provisions of this act of a general and permanent nature
31 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
32 Revision Commission shall incorporate the same in the Code.

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34 SECTION 7. If any provision of this act or the application thereof to
35 any person or circumstance is held invalid, such invalidity shall not affect
36 other provisions or applications of the act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this
2 act are declared to be severable.

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4 SECTION 8. All laws and parts of laws in conflict with this act are
5 hereby repealed.

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/s/Webb et al

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