

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

A Bill

SENATE BILL 195

4
5 By: Senator Todd

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE 26-52-510 (b) AND 26-53-126
10 (b) CONCERNING THE GROSS RECEIPTS TAX AND COMPENSATING OR
11 USE TAX ON USED MOTOR VEHICLES; AND FOR OTHER PURPOSES."

Subtitle

14 "AN ACT CONCERNING THE GROSS RECEIPTS
15 TAX AND COMPENSATING OR USE TAX ON USED
16 MOTOR VEHICLES."

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

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21 SECTION 1. Arkansas Code 26-52-510 (b), concerning direct payment of
22 the gross receipts tax on new and used cars by consumer-user is amended to
23 read as follows:

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

31 (B) However, if the total consideration for the sale of the
32 new or used motor vehicle, trailer, or semitrailer is less than two thousand
33 dollars (\$2,000), no tax shall be due.

34 (C) The gross receipts tax on a used motor vehicle shall be
35 levied on the adjusted consideration for the used motor vehicle. The
36 'adjusted consideration' shall be the total consideration for the used motor

1 vehicle, less an amount equal to ten percent (10%) of the total consideration
 2 multiplied by the age of the used motor vehicle. No tax shall be due on a
 3 used motor vehicle that is ten (10) years old or older. The age of the motor
 4 vehicle shall be based on the model year. A used motor vehicle shall be one
 5 (1) year old on October 1 of the year following the model year of the motor
 6 vehicle.

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

11 (ii) When the motor vehicle dealer returns the service vehicle to
 12 inventory as a used vehicle and replaces it with a new vehicle for dealership
 13 use as a service vehicle, the dealer shall pay sales tax on the difference
 14 between the listed retail price of the new service vehicle to be used by the
 15 dealership and the value of the used service vehicle being returned to
 16 inventory. The value of the used service vehicle shall be the highest listed
 17 wholesale price reflected in the most current edition of the National
 18 Automotive Dealers' Association's Official Used Car Guide.

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

23 (ii) _Service vehicle_ does not include motor vehicles which are
 24 rented by the dealership, used as demonstration vehicles, used by dealership
 25 employees for personal use, or used to haul or pull other vehicles."
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27 SECTION 2. Arkansas Code 26-53-126 (b), concerning the compensating or
 28 use tax on used cars, is amended to read as follows:

29 "(b)(1) When a used motor vehicle, trailer, or semitrailer is taken in
 30 trade as a credit or part payment on the sale of a new or used vehicle,
 31 trailer, or semitrailer, the tax levied herein and all other use taxes levied
 32 by the state shall be paid on the net difference between the total
 33 consideration for the new or used vehicle, trailer, or semitrailer sold and
 34 the credit for the used vehicle, trailer, or semitrailer taken in trade.
 35 However, if the total consideration for the sale of the new or used motor
 36 vehicle, trailer, or semitrailer is less than two thousand dollars (\$2,000),

1 no tax shall be due.

2 (2) The gross receipts tax on a used motor vehicle shall be
3 levied on the adjusted consideration for the used motor vehicle. The
4 'adjusted consideration' shall be the total consideration for the used motor
5 vehicle, less an amount equal to ten percent (10%) of the total consideration
6 multiplied by the age of the used motor vehicle. No tax shall be due on a
7 used motor vehicle that is ten (10) years old or older. The age of the motor
8 vehicle shall be based on the model year. A used motor vehicle shall be one
9 (1) year old on October 1 of the year following the model year of the motor
10 vehicle."

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

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16 SECTION 4. If any provision of this act or the application thereof to
17 any person or circumstance is held invalid, such invalidity shall not affect
18 other provisions or applications of the act which can be given effect without
19 the invalid provision or application, and to this end the provisions of this
20 act are declared to be severable.

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

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