1	State of Arkansas	As Engrossed: S3/17/97		
2	81st General Assembly	A Bill		
3	Regular Session, 1997		SENATE BILL	496
4				
5	By: Senator Bradford			
6	By: Representative Ferguson			
7				
8	For An Act To Be Entitled			
9	"AN ACT TO AMEN	"AN ACT TO AMEND ARKANSAS CODES 88 26-52-103 AND 26-52-301		
10	PERTAINING TO THE PAYMENT OF GROSS RECEIPTS TAXES ON LONG-			
11	TERM MOTOR VEHI	CLE LEASES; AND FOR OTHER PURPOSES."		
12				
13		Subtitle		
14	"AN A	CT TO AMEND ARKANSAS CODES 88 26-52-		
15	103 A	AND 26-52-301 PERTAINING TO GROSS		
16	RECEIPTS TAXES ON LONG-TERM MOTOR			
17	VEHIC	LE LEASES."		
18				
19	BE IT ENACTED BY THE G	ENERAL ASSEMBLY OF THE STATE OF ARKANSA	\S:	
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21		nsas Code ⁸ 26-52-103(a)(3)(A) is amend	ed to read as	
22	follows:			
23	"(3)(A) Sale is declared to mean the transfer of either the title or			
	possession, except in the case of leases or rentals, for a valuable			
	consideration of tangible personal property, regardless of the manner, method,			
26	instrumentality, or device by which the transfer is accomplished.			
27	(B)	Sale is also declared to include the	exchange, bar	:er,
28		ngible personal property.	of tongible	
29	(C)	(i) In the case of leases or rentals		
	ersonal property, the tax shall be paid on the basis of rental or lease ayments made to the lessor of such tangible personal property during the term			+ 0.7cm
	of the lease or rental; however, except for short term rentals and rentals of			
	motor vehicles for less than thirty (30) days provided in 6 26-52-310, the tax			
	shall not apply to gross receipts or gross proceeds derived from leases or			
	rentals of tangible personal property upon which either the Arkansas gross			
	rentals of tangible personal property upon which either the Arkansas gross			
30	receibes cax or comben	sacing cax was paid at the time of purc	mase of the	

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- 1 tangible personal property.
- 2 (ii) Any person engaged in the business of leasing or
- 3 renting motor vehicles shall collect, report and remit gross receipts tax on
- 4 the lease or rental payments in lieu of paying tax at the time of
- 5 registration.
- 6 (D) Sale shall include also the sale, giving away,
- 7 exchanging, or other disposition of admissions, dues, or fees to clubs, to
- 8 places of amusement, recreational, or athletic events, or for the privilege of
- 9 having access to or the use of amusement, athletic, or entertainment
- 10 facilities.
- 11 (E) Sale shall not include the furnishing or rendering of
- 12 services, except as otherwise provided in this section;"

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- 14 SECTION 2. Arkansas Code 26-52-301 which lists taxable sales for
- 15 purposes of the gross receipts tax is amended by inserting an additional
- 16 paragraph at the end thereof to read as follows:
- 17 "(7) Contracts, including service contracts, maintenance agreements and
- 18 extended warranties, which in whole or in part provide for the future
- 19 performance of or payment for services which are subject to gross receipts
- 20 tax. The seller of the contract must collect and remit the tax due on the
- 21 sale of the contract except when the contract is sold simultaneously with a
- 22 motor vehicle in which case the purchaser of the vehicle shall pay gross
- 23 receipts tax on the purchase of the contract at the time of vehicle
- 24 registration."

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- 26 SECTION 3. Title 26, Chapter 52, is amended to add a new section to
- 27 read as follows:
- 28 26-52-313. Long-term rental vehicle tax.
- 29 (a) There is levied a tax to be known as the long-term rental vehicle
- 30 tax. The long-term rental vehicle tax shall be levied at the rate of one and
- 31 one-half percent (1.5%) on the gross receipts or gross proceeds derived from
- 32 rentals of licensed motor vehicles leased for a period of thirty (30) days or
- 33 more. The gross receipts or gross proceeds derived from the rentals shall be
- 34 taxable only if the Arkansas gross receipts tax, 8 26-52-101 et seq., or
- 35 compensating tax, $^{\circ}$ 26-53-101 et seq., was not paid at the time of
- 36 registration.

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The tax shall be collected, reported, and paid in the same manner 1 2 and at the same time as is prescribed by law for the collection, reporting, 3 and payment of the tax imposed by the Arkansas gross receipts tax, 8 26-52-101 4 et seq. If the Chief Fiscal Officer certifies that ten percent (10%) or more 5 of all new motor vehicles registered in Arkansas during a calendar year are 6 leased vehicles based on information and statistics from a reliable source, 7 such as R.L. Polk & Co., then the long-term rental vehicle tax shall expire 8 on June 30 of the fiscal year following the calendar year for which such 9 certification is made. 10 (c) The rental vehicle tax shall be remitted to the Director of the 11 Department of Finance and Administration and shall be deposited in the State 12 Treasury as general revenues. (d) Nothing in this section shall apply to the lease or rental of 13 14 diesel trucks rented or leased for commercial shipping or farm machinery or 15 farm equipment rented or leased for a commercial purpose. 16 (e) The long-term rental vehicle tax shall not apply to gasoline or 17 diesel powered trucks rented or leased for residential moving or shipping. 18 19 SECTION 4. If any provision of this act or the application thereof to 20 any person or circumstance is held invalid, such invalidity shall not affect 21 other provisions or applications of the act which can be given effect without 22 the invalid provision or application, and to this end the provisions of this 23 act are declared to be severable. 24 25 SECTION 5. All laws and parts of laws in conflict with this act are 26 hereby repealed. 27 2.8 29 /s/Bradford et al 30 31 32 33 34 35