

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: S3/17/97

A Bill

SENATE BILL 496

4
5 By: Senator Bradford
6 By: Representative Ferguson

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODES §§ 26-52-103 AND 26-52-301
10 PERTAINING TO THE PAYMENT OF GROSS RECEIPTS TAXES ON LONG-
11 TERM MOTOR VEHICLE LEASES; AND FOR OTHER PURPOSES."

Subtitle

13
14 "AN ACT TO AMEND ARKANSAS CODES §§ 26-52-
15 103 AND 26-52-301 PERTAINING TO GROSS
16 RECEIPTS TAXES ON LONG-TERM MOTOR
17 VEHICLE LEASES."

18
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code § 26-52-103(a)(3)(A) is amended to read as
22 follows:

23 "(3)(A) Sale is declared to mean the transfer of either the title or
24 possession, except in the case of leases or rentals, for a valuable
25 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, barter,
28 lease, or rental of tangible personal property.

29 (C) (i) In the case of leases or rentals of tangible
30 personal property, the tax shall be paid on the basis of rental or lease
31 payments made to the lessor of such tangible personal property during the term
32 of the lease or rental; however, except for short term rentals and rentals of
33 motor vehicles for less than thirty (30) days provided in § 26-52-310, the tax
34 shall not apply to gross receipts or gross proceeds derived from leases or
35 rentals of tangible personal property upon which either the Arkansas gross
36 receipts tax or compensating tax was paid at the time of purchase of the

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, § 26-52-101 et seq., or
35 compensating tax, § 26-53-101 et seq., was not paid at the time of
36 registration.

