1 State of Arkansas

A Bill

2 84th General Assembly

3 Regular Session, 2003   SENATE BILL 44

4

5 By: Senator T. Smith

6

7

8   **For An Act To Be Entitled**

9   AN ACT TO ALLOW A TRADE-IN DEDUCTION FOR VEHICLES

10   THAT AN INSURER DECLARES TO BE A TOTAL LOSS; TO

11   DECLARE THAT A SALE OCCURS WHEN THE TITLE OF A

12   DAMAGED VEHICLE IS TRANSFERRED TO AN INSURER; TO

13   REQUIRE INSURERS TO REMIT GROSS RECEIPTS TAX ON

14   THE PAYMENTS FOR VEHICLE LOSSES; AND FOR OTHER

15   PURPOSES.

16

17   **Subtitle**

18   TO ALLOW A TRADE-IN DEDUCTION FOR

19   VEHICLES THAT AN INSURER DECLARES TO BE

20   A TOTAL LOSS.

21

22

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

24

25   SECTION 1. Arkansas Code § 26-52-510(b), regarding the trade-in

26 deduction for a motor vehicle, is amended to add an additional subdivision to

27 read as follows:

28   (3)(A) If an insurer settles a claim for damages to a motor

29 vehicle, then the transfer of title by the vehicle owner to the insurer in

30 exchange for payment of property damages is a taxable sale of the vehicle to

31 the insurer and shall be treated as a trade-in for purposes of the deduction

32 provided in § 26-52-510(b)(1)(C) only if:

33   (i) The insurer has been issued a gross receipts tax

34 permit by the director;

35   (ii) The insurer remits to the director the state

36 and local gross receipts tax due and payable on the proceeds in accordance

1 with § 26-52-501;

2   (iii) The insurer certifies to the vehicle owner

3 that the gross receipts tax has been remitted or will be remitted on a timely

4 basis;

5   (iv) The vehicle owner provides the director with

6 the insurer's certification of gross receipts tax payment at the time that

7 the vehicle owner claims the trade-in deduction; and

8   (v) The vehicle was registered in Arkansas at the

9 time of the loss.

10   (B) If the requirements of § 26-52-510(b)(3)(A) are not

11 met, then the deduction provided in § 26-52-510(b)(1)(C) shall not be

12 allowed.

13

14   SECTION 2. Arkansas Code § 23-89-211(a), regarding the payment of

15 vehicle damage claims by an insurer, is amended to read as follows:

16   (a) ~~If an insurer settles a claim for damages to an automobile as a~~

17 ~~total loss, the insurer shall include with the payment an itemized list~~

18 ~~stating the amount attributable to the value of the automobile and the amount~~

19 ~~attributable to the sales tax on an automobile of that value.~~ (1) If an

20 insurer settles a claim for damage to an automobile that is a total loss, the

21 insurer shall remit the state and local gross receipts tax on the amount of

22 the settlement attributable to the value of the automobile to the Department

23 of Finance and Administration if:

24   (A) The insurer has been issued a certificate of authority

25 by the Arkansas Insurance Commissioner;

26   (B) The automobile was registered in Arkansas at the time

27 of the loss; and

28   (C) The title to the vehicle is transferred by the vehicle

29 owner to the insurer.

30   (2) The local gross receipts tax rate shall be based on the city

31 and county reflected on the vehicle registration.

32   (3) Automobile insurers who are authorized to do business in

33 this state shall:

34   (A) Obtain an Arkansas gross receipts tax permit from the

35 Director of the Department of Finance and Administration; and

36   (B) File monthly gross receipts tax reports to report and

1   remit the tax due under this subsection (a)(1) as required by the provisions
2   of the Arkansas Gross Receipts Act of 1941, §§ 26-52-101 et seq.
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

01132003JSE1358.ONE002