

State of Arkansas  
85th General Assembly  
Regular Session, 2005

# A Bill

HOUSE BILL 1260

By: Representative Pace

## For An Act To Be Entitled

AN ACT TO INCREASE THE TIME ALLOWED TO QUALIFY  
FOR THE SALES TAX CREDIT FOR SELLING A USED MOTOR  
VEHICLE, TRAILER, OR SEMITRAILER; AND FOR OTHER  
PURPOSES.

## Subtitle

AN ACT TO INCREASE THE TIME ALLOWED TO  
QUALIFY FOR THE SALES TAX CREDIT FOR  
SELLING A USED MOTOR VEHICLE, TRAILER,  
OR SEMITRAILER.

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

SECTION 1. Arkansas Code § 26-52-510(b), pertaining to the tax on used cars, is amended as follows:

(b)(1)(A) Except as provided herein, when a used motor vehicle, trailer, or semitrailer is taken in trade as a credit or part payment on the sale of a new or used motor vehicle, trailer, or semitrailer, the tax levied by this chapter and all other gross receipts taxes levied by the state shall be paid on the net difference between the total consideration for the new or used vehicle, trailer, or semitrailer sold and the credit for the used vehicle, trailer, or semitrailer taken in trade.

(B) However, if the total consideration for the sale of the new or used motor vehicle, trailer, or semitrailer is less than two thousand five hundred dollars (\$2,500), no tax shall be due.

(C)(i) When a used motor vehicle, trailer, or semitrailer is sold by a consumer, rather than traded-in as a credit or part payment on



1 the sale of a new or used motor vehicle, trailer, or semitrailer, and the  
 2 consumer ~~subsequently~~ purchases a new or used vehicle, trailer, or  
 3 semitrailer of greater value within ~~forty-five (45)~~ one hundred eighty (180)  
 4 days of the sale, either prior to or after the sale, the tax levied by this  
 5 chapter and all other gross receipts taxes levied by the state shall be paid  
 6 on the net difference between the total consideration for the new or used  
 7 vehicle, trailer, or semitrailer purchased ~~subsequently~~ and the amount  
 8 received from the sale of the used vehicle, trailer, or semitrailer sold in  
 9 lieu of a trade-in.

10 (ii) Upon registration of the new or used motor  
 11 vehicle, consumers claiming the deduction provided by § 26-52-510(b)(1)(C)(i)  
 12 shall provide a bill of sale signed by all parties to the transaction which  
 13 reflects the total consideration paid to the seller for the vehicle. A copy  
 14 of the bill of sale shall be deposited with the revenue office at the time of  
 15 registration of the new or used motor vehicle. The deduction provided by this  
 16 section shall not be allowed unless the taxpayer claiming the deduction  
 17 provides a copy of a bill of sale signed by all parties to the transaction  
 18 which reflects the total consideration paid to the seller for the vehicle.

19 (iii) If the taxpayer claiming the deduction  
 20 provided in this section fails to provide a bill of sale signed by all  
 21 parties to the transaction which reflects the total consideration paid to the  
 22 seller for the vehicle, tax shall be due on the total consideration paid for  
 23 the new or used vehicle, trailer, or semitrailer without any deduction for  
 24 the value of the item sold.

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

29 (ii) When the motor vehicle dealer returns the  
 30 service vehicle to inventory as a used vehicle and replaces it with a new  
 31 vehicle for dealership use as a service vehicle, the dealer shall pay sales  
 32 tax on the difference between the listed retail price of the new service  
 33 vehicle to be used by the dealership and the value of the used service  
 34 vehicle being returned to inventory. The value of the used service vehicle  
 35 shall be the highest listed wholesale price reflected in the most current  
 36 edition of the National Automotive Dealers' Association's Official Used Car

1 Guide.

2 (B)(i) For purposes of this subsection, the term "service  
3 vehicle" means a motor vehicle driven exclusively by an employee of the  
4 dealership and used either to transport dealership customers or dealership  
5 parts and equipment.

6 (ii) "Service vehicle" does not include motor  
7 vehicles which are rented by the dealership, used as demonstration vehicles,  
8 used by dealership employees for personal use, or used to haul or pull other  
9 vehicles.

10  
11 SECTION 2. Arkansas Code § 26-53-126(b), pertaining to the tax on used  
12 cars, is amended as follows:

13 (b)(1) When a used motor vehicle, trailer, or semitrailer is taken in  
14 trade as a credit or part payment on the sale of a new or used vehicle,  
15 trailer, or semitrailer, the tax levied herein and all other use taxes levied  
16 by the state shall be paid on the net difference between the total  
17 consideration for the new or used vehicle, trailer, or semitrailer sold and  
18 the credit for the used vehicle, trailer, or semitrailer taken in trade.

19 (2) However, if the total consideration for the sale of the new  
20 or used motor vehicle, trailer, or semitrailer is less than two thousand five  
21 hundred dollars (\$2,500), no tax shall be due.

22 (3)(A) When a used motor vehicle, trailer, or semitrailer is  
23 sold by a consumer, rather than traded in as a credit or part payment on the  
24 sale of a new or used motor vehicle, trailer, or semitrailer, and the  
25 consumer ~~subsequently~~ purchases a new or used vehicle, trailer, or  
26 semitrailer of greater value within ~~forty-five (45)~~ one hundred eighty (180)  
27 days of the sale, either prior to or after such sale, the tax levied by this  
28 chapter and all other gross receipts taxes levied by the state shall be paid  
29 on the net difference between the total consideration for the new or used  
30 vehicle, trailer, or semitrailer purchased ~~subsequently~~ and the amount  
31 received from the sale of the used vehicle, trailer, or semitrailer sold in  
32 lieu of a trade-in.

33 (B) Upon registration of the new or used motor vehicle,  
34 consumers claiming the deduction provided by § 26-53-126(b)(3)(A) shall  
35 provide a bill of sale signed by all parties to the transaction which  
36 reflects the total consideration paid to the seller for the vehicle. A copy

1 of the bill of sale shall be deposited with the revenue office at the time of  
2 registration of the new or used motor vehicle. The deduction provided by this  
3 section shall not be allowed unless the taxpayer claiming the deduction  
4 provides a copy of a bill of sale signed by all parties to the transaction  
5 which reflects the total consideration paid to the seller for the vehicle.

6 (C) If the taxpayer claiming the deduction provided in  
7 this section fails to provide a bill of sale signed by all parties to the  
8 transaction which reflects the total consideration paid to the seller for the  
9 vehicle, tax shall be due on the total consideration paid for the new or used  
10 vehicle, trailer, or semitrailer without any deduction for the value of the  
11 item sold.