

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

A Bill

HOUSE BILL 2548

5 By: Representatives Pritchard, Berry, Dobbins
6
7

For An Act To Be Entitled

9 AN ACT TO CREATE A LEVEL OF TAX FAIRNESS FOR THE
10 PEOPLE OF THE STATE OF ARKANSAS; TO LEVY A SALES
11 AND USE TAX ON MEDICALLY UNNECESSARY COSMETIC
12 MEDICAL PROCEDURES; TO INCREASE THE SALES AND USE
13 TAX EXEMPTION ON THE PURCHASE OF A USED VEHICLE;
14 AND FOR OTHER PURPOSES.
15

Subtitle

16 AN ACT TO CREATE A LEVEL OF TAX
17 FAIRNESS; TO LEVY A SALES AND USE TAX ON
18 COSMETIC MEDICAL PROCEDURES; AND TO
19 INCREASE THE SALES AND USE TAX EXEMPTION
20 ON THE PURCHASE OF A USED VEHICLE.
21
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23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 3 is amended
27 to add an additional section to read as follows:

28 26-52-317. Cosmetic medical procedures.

29 (a) The gross proceeds or gross receipts derived from the sale of
30 services associated with the performance of a cosmetic medical procedure are
31 subject to the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq.

32 (b) As used in this section:

33 (1)(A) "Cosmetic medical procedure" means any medical procedure
34 performed on an individual that is directed at improving the individual's
35 appearance or self-esteem and which is not medically necessary or does not
36 meaningfully promote the proper function of the body or prevent or treat



1 accidental injury, illness, or disease.

2 (B) "Cosmetic medical procedure" includes, but is not
 3 limited to, cosmetic surgery, hair transplants, cosmetic injections, cosmetic
 4 soft tissue fillers, dermabrasion and chemical peel, laser hair removal,
 5 laser skin resurfacing, laser treatment of leg veins for cosmetic purposes
 6 only, sclerotherapy, and cosmetic dentistry.

7 (C) "Cosmetic medical procedure" does not include
 8 reconstructive surgery or dentistry;

9 (2) "Cosmetic surgery" means the surgical altering or reshaping
 10 of normal structures on the body to improve the body image, self-esteem or
 11 appearance of the patient; and

12 (3) "Reconstructive surgery or dentistry" means any surgery or
 13 dentistry, including orthodontics, performed on abnormal structures caused by
 14 or related to congenital defects, developmental abnormalities, trauma,
 15 infection, tumors, or disease, including procedures to improve function or
 16 give a more normal appearance.

17
 18 SECTION 2. Arkansas Code § 26-52-510(b)(1), pertaining to the direct
 19 payment of tax on new and used cars, is amended to read as follows:

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

27 (B) However, if the total consideration for the sale of
 28 the new or used motor vehicle, trailer, or semitrailer is less than ~~two~~
 29 ~~thousand five hundred dollars (\$2,500)~~ five thousand dollars (\$5,000), no tax
 30 shall be due.

31 (C)(i) When a used motor vehicle, trailer, or semitrailer
 32 is sold by a consumer, rather than ~~traded in~~ traded in as a credit or part
 33 payment on the sale of a new or used motor vehicle, trailer, or semitrailer,
 34 and the consumer subsequently purchases a new or used vehicle, trailer, or
 35 semitrailer of greater value within forty-five (45) days of the sale, the tax
 36 levied by this chapter and all other gross receipts taxes levied by the state

1 shall be paid on the net difference between the total consideration for the
 2 new or used vehicle, trailer, or semitrailer purchased subsequently and the
 3 amount received from the sale of the used vehicle, trailer, or semitrailer
 4 sold in lieu of a trade-in.

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

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

20
 21 SECTION 3. Arkansas Code § 26-53-126(b), pertaining to tax on used
 22 cars, is amended to read as follows:

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

29 (2) However, if the total consideration for the sale of the new
 30 or used motor vehicle, trailer, or semitrailer is less than ~~two thousand five~~
 31 ~~hundred dollars (\$2,500)~~ five thousand dollars (\$5,000), no tax shall be due.

32 (3)(A) When a used motor vehicle, trailer, or semitrailer is
 33 sold by a consumer, rather than traded in as a credit or part payment on the
 34 sale of a new or used motor vehicle, trailer, or semitrailer, and the
 35 consumer subsequently purchases a new or used vehicle, trailer, or
 36 semitrailer of greater value within forty-five (45) days of the sale, the tax

1 levied by this chapter and all other gross receipts taxes levied by the state
2 shall be paid on the net difference between the total consideration for the
3 new or used vehicle, trailer, or semitrailer purchased subsequently and the
4 amount received from the sale of the used vehicle, trailer, or semitrailer
5 sold in lieu of a trade-in.

6 (B) Upon registration of the new or used motor vehicle,
7 consumers claiming the deduction provided by § 26-53-126(b)(3)(A) shall
8 provide a bill of sale signed by all parties to the transaction which
9 reflects the total consideration paid to the seller for the vehicle. A copy
10 of the bill of sale shall be deposited with the revenue office at the time of
11 registration of the new or used motor vehicle. The deduction provided by this
12 section shall not be allowed unless the taxpayer claiming the deduction
13 provides a copy of a bill of sale signed by all parties to the transaction
14 which reflects the total consideration paid to the seller for the vehicle.

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

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22 SECTION 4. EFFECTIVE DATE. Sections 1, 2, and 3 of this act shall
23 become effective on the first day of the calendar month following the
24 effective date of this act.