

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021  
4

As Engrossed: H4/19/21

# A Bill

HOUSE BILL 1912

5 By: Representatives Payton, Jett  
6 By: Senators Rapert, J. Dismang  
7

## For An Act To Be Entitled

9 AN ACT TO PROVIDE A REDUCED SALES AND USE TAX RATE  
10 FOR CERTAIN USED MOTOR VEHICLES, TRAILERS, AND  
11 SEMITRAILERS; AND FOR OTHER PURPOSES.  
12  
13

## Subtitle

15 TO PROVIDE A REDUCED SALES AND USE TAX  
16 RATE FOR CERTAIN USED MOTOR VEHICLES,  
17 TRAILERS, AND SEMITRAILERS.  
18  
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
21

22 SECTION 1. The introductory language to Arkansas Code § 26-52-301,  
23 concerning the levy of the sales tax, is amended to read as follows:

24 Except for food and food ingredients that are taxed under § 26-52-317  
25 and except for used motor vehicles, trailers, and semitrailers that are taxed  
26 under § 26-52-324, there is levied an excise tax of three percent (3%) upon  
27 the gross proceeds or gross receipts derived from all sales to any person of  
28 the following:  
29

30 SECTION 2. Arkansas Code § 26-52-302 is amended to read as follows:  
31 26-52-302. Additional taxes levied.

32 (a)(1) In addition to the excise tax levied upon the gross proceeds or  
33 gross receipts derived from all sales by this chapter, except for food and  
34 food ingredients that are taxed under § 26-52-317 and except for used motor  
35 vehicles, trailers, and semitrailers that are taxed under § 26-52-324, there  
36 is levied an excise tax of one percent (1%) upon all taxable sales of



1 property, specified digital products, digital codes, and services subject to  
2 the tax levied in this chapter.

3 (2) This tax shall be collected, reported, and paid in the same  
4 manner and at the same time as is prescribed by law for the collection,  
5 reporting, and payment of all other Arkansas gross receipts taxes.

6 (3) In computing gross receipts or gross proceeds as defined in  
7 § 26-52-103, a deduction shall be allowed for bad debts resulting from the  
8 sale of tangible personal property.

9 (b)(1) In addition to the excise tax levied upon the gross proceeds or  
10 gross receipts derived from all sales by this chapter, except for food and  
11 food ingredients that are taxed under § 26-52-317 and except for used motor  
12 vehicles, trailers, and semitrailers that are taxed under § 26-52-324, there  
13 is hereby levied an excise tax of one-half of one percent (0.5%) upon all  
14 taxable sales of property, specified digital products, digital codes, and  
15 services subject to the tax levied in this chapter.

16 (2) This tax shall be collected, reported, and paid in the same  
17 manner and at the same time as is prescribed by law for the collection,  
18 reporting, and payment of all other Arkansas gross receipts taxes.

19 (3) However, in computing gross receipts or gross proceeds as  
20 defined in § 26-52-103, a deduction shall be allowed for bad debts resulting  
21 from the sale of tangible personal property.

22 (c)(1) Except for food and food ingredients that are taxed under § 26-  
23 52-317 and except for used motor vehicles, trailers, and semitrailers that  
24 are taxed under § 26-52-324, there is levied an additional excise tax of one-  
25 half of one percent (0.5%) upon all taxable sales of property, specified  
26 digital products, digital codes, and services subject to the tax levied by  
27 this chapter.

28 (2) The tax shall be collected, reported, and paid in the same  
29 manner and at the same time as is prescribed by this chapter, for the  
30 collection, reporting, and payment of Arkansas gross receipts taxes.

31 (d)(1) Except for food and food ingredients that are taxed under § 26-  
32 52-317 and except for used motor vehicles, trailers, and semitrailers that  
33 are taxed under § 26-52-324, there is levied an additional excise tax of  
34 seven-eighths of one percent (0.875%) upon all taxable sales of property,  
35 specified digital products, digital codes, and services subject to the tax  
36 levied by this chapter.

1           (2) The tax shall be collected, reported, and paid in the same  
2 manner and at the same time as prescribed by this chapter, for the  
3 collection, reporting, and payment of Arkansas gross receipts taxes.  
4

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

7           26-52-324. Special tax rate for certain used motor vehicles, trailers,  
8 and semitrailers.

9           (a) In lieu of the gross receipts or gross proceeds taxes levied under  
10 §§ 26-52-301 and 26-52-302, there is levied an excise tax on the gross  
11 receipts or gross proceeds derived from the sale of a used motor vehicle,  
12 trailer, or semitrailer that has a sales price of at least four thousand  
13 dollars (\$4,000) but less than ten thousand dollars (\$10,000) at the rate of  
14 two and eight hundred seventy-five thousandths percent (2.875%).

15           (b) The tax levied in this section shall be in addition to:

16           (1) Any gross receipts or gross proceeds tax levied in the  
17 Arkansas Constitution;

18           (2) Any gross receipts or gross proceeds tax levied by a  
19 municipality or county; and

20           (3) Any additional gross receipts or gross proceeds tax levied  
21 in an Arkansas city and resulting from an election within that city conducted  
22 in accordance with §§ 26-52-601 – 26-52-606.

23           (c) For the purpose of determining whether the tax levied by this  
24 section applies to the sale of a used motor vehicle, trailer, or semitrailer,  
25 the sales price for the used motor vehicle, trailer, or semitrailer shall not  
26 be reduced by:

27           (1) The value of a motor vehicle, trailer or semitrailer traded  
28 in as part payment on the purchase price of the newly acquired motor vehicle,  
29 trailer, or semitrailer; or

30           (2) The amount received by the purchaser for the sale of another  
31 motor vehicle, trailer, or semitrailer.

32           (d) The revenues generated by the tax levied under this section shall  
33 be distributed as follows:

34           (1) Seventy-six and six-tenths percent (76.6%) of the taxes,  
35 interest, penalties, and costs received by the Secretary of the Department of  
36 Finance and Administration under this section shall be deposited as general

1 revenues;

2 (2) Eight and five-tenths percent (8.5%) of the taxes, interest,  
3 penalties, and costs received by the secretary under this section shall be  
4 deposited into the Property Tax Relief Trust Fund; and

5 (3) Fourteen and nine-tenths percent (14.9%) of the taxes,  
6 interest, penalties, and costs received by the secretary under this section  
7 shall be deposited into the Educational Adequacy Fund.

8 (e) The excise tax levied under this section shall be collected and  
9 paid in the same manner and at the same time as is prescribed in § 26-52-510  
10 for the collection and payment of gross receipts taxes on motor vehicles,  
11 trailers, and semitrailers.

12  
13 SECTION 4. Arkansas Code § 26-52-510(b)(1)(B), concerning the direct  
14 payment of sales tax by consumer-user on the sale of a new or used motor  
15 vehicle, trailer, or semitrailer, is amended to read as follows:

16 (B)(i)(a) However, if If the total consideration for the  
17 sale of the new or used motor vehicle, trailer, or semitrailer is less than  
18 four thousand dollars (\$4,000), no tax shall be is due.

19 (b) If the total consideration for the sale of  
20 a new motor vehicle, trailer, or semitrailer is four thousand dollars  
21 (\$4,000) or more, the full gross receipts tax rate levied under this chapter  
22 shall be levied and collected.

23 (ii) If the total consideration for the sale of a  
24 used motor vehicle, trailer, or semitrailer is at least four thousand dollars  
25 (\$4,000) but less than ten thousand dollars (\$10,000), the gross receipts tax  
26 due shall be determined under § 26-52-324.

27 (iii) If the total consideration for the sale of a  
28 used motor vehicle, trailer, or semitrailer is ten thousand dollars (\$10,000)  
29 or more:

30 (a) The exemption under subdivision  
31 (b)(1)(B)(i)(a) of this section does not apply;

32 (b) The special tax rate provided in § 26-52-  
33 324 does not apply; and

34 (c) The full gross receipts tax rate levied  
35 under this chapter shall be levied and collected.

36

1 SECTION 5. Arkansas Code § 26-53-106(a), concerning the imposition and  
2 rate of the compensating use tax, is amended to read as follows:

3 (a) There is levied and there shall be collected from every person in  
4 this state a tax or excise for the privilege of storing, using, distributing,  
5 or consuming within this state tangible personal property, specified digital  
6 products, a digital code, or a taxable service purchased for storage, use,  
7 distribution, or consumption in this state at the rate of three percent (3%)  
8 of the sales price of the tangible personal property, specified digital  
9 products, digital code, or taxable service except for food and food  
10 ingredients that are taxed under § 26-53-145 and except for used motor  
11 vehicles, trailers, and semitrailers that are taxed under § 26-53-150.  
12

13 SECTION 6. Arkansas Code § 26-53-107 is amended to read as follows:

14 26-53-107. Additional taxes levied.

15 (a)(1) In addition to the excise tax levied upon the privilege of  
16 storing, using, distributing, or consuming tangible personal property,  
17 specified digital products, a digital code, and taxable services within this  
18 state by this subchapter, there is levied an excise tax of one percent (1%)  
19 upon all tangible personal property, specified digital products, digital  
20 codes, and taxable services subject to the tax levied in this subchapter  
21 except for food and food ingredients that are taxed under § 26-53-145 and  
22 except for used motor vehicles, trailers, and semitrailers that are taxed  
23 under § 26-53-150.

24 (2) The tax shall be collected, reported, and paid in the same  
25 manner and at the same time as is prescribed by law for the collection,  
26 reporting, and payment of state compensating taxes.

27 (b)(1) In addition to the excise tax levied upon the privilege of  
28 storing, using, distributing, or consuming tangible personal property,  
29 specified digital products, a digital code, and taxable services within the  
30 state by this subchapter, there is levied an excise tax of one-half of one  
31 percent (0.5%) upon all tangible personal property, specified digital  
32 products, digital codes, and taxable services subject to the tax levied in  
33 this subchapter except for food and food ingredients that are taxed under §  
34 26-53-145 and except for used motor vehicles, trailers, and semitrailers that  
35 are taxed under § 26-53-150.

36 (2) The tax shall be collected, reported, and paid in the same

1 manner and at the same time as is prescribed by law for the collection,  
2 reporting, and payment of Arkansas compensating taxes.

3 (c)(1) There is levied an additional excise tax of one-half of one  
4 percent (0.5%) upon all tangible personal property, specified digital  
5 products, digital codes, and taxable services subject to the tax levied by  
6 this subchapter except for food and food ingredients that are taxed under §  
7 26-53-145 and except for used motor vehicles, trailers, and semitrailers that  
8 are taxed under § 26-53-150.

9 (2) The tax shall be collected, reported, and paid in the same  
10 manner and at the same time as is prescribed by this subchapter for the  
11 collection, reporting, and payment of Arkansas compensating taxes.

12 (d)(1) There is levied an additional excise tax of seven-eighths of  
13 one percent (0.875%) upon all tangible personal property, specified digital  
14 products, digital codes, and taxable services subject to the tax levied by  
15 this subchapter except for food and food ingredients that are taxed under §  
16 26-53-145 and except for used motor vehicles, trailers, and semitrailers that  
17 are taxed under § 26-53-150.

18 (2) The tax shall be collected, reported, and paid in the same  
19 manner and at the same time as is prescribed by this subchapter for the  
20 collection, reporting, and payment of Arkansas compensating taxes.

21

22 SECTION 7. Arkansas Code § 26-53-126(b)(2), concerning the payment and  
23 collection of the use tax on new and used motor vehicles, trailers, or  
24 semitrailers, is amended to read as follows:

25 (2)(A)(i) ~~However, if~~ If the total consideration for the sale of  
26 the new or used motor vehicle, trailer, or semitrailer is less than four  
27 thousand dollars (\$4,000), no tax ~~shall be~~ is due.

28 (ii) If the total consideration for the sale of a  
29 new motor vehicle, trailer, or semitrailer is four thousand dollars (\$4,000)  
30 or more, the full compensating use tax rate levied under this chapter shall  
31 be levied and collected.

32 (B) If the total consideration for the sale of a used  
33 motor vehicle, trailer, or semitrailer is at least four thousand dollars  
34 (\$4,000) but less than ten thousand dollars (\$10,000), the compensating use  
35 tax due shall be determined under § 26-53-150.

36 (C) If the total consideration for the sale of a used

1 motor vehicle, trailer, or semitrailer is ten thousand dollars (\$10,000) or  
2 more:

3 (a) The exemption under subdivision  
4 (b)(2)(A)(i) of this section does not apply;

5 (b) The special tax rate provided in § 26-53-  
6 150 does not apply; and

7 (c) The full compensating use tax rate levied  
8 under this chapter shall be levied and collected.

9  
10 SECTION 8. Arkansas Code Title 26, Chapter 53, Subchapter 1, is  
11 amended to add an additional section to read as follows:

12 26-53-150. Special tax rate for certain used motor vehicles, trailers,  
13 and semitrailers.

14 (a)(1) In lieu of the compensating use taxes levied under §§ 26-53-106  
15 and 26-53-107, there is levied an excise tax for the privilege of storing,  
16 using, distributing, or consuming a used motor vehicle, trailer, or  
17 semitrailer within this state if the sales price of the used motor vehicle,  
18 trailer, or semitrailer is at least four thousand dollars (\$4,000) but less  
19 than ten thousand dollars (\$10,000).

20 (2) The excise tax levied under subdivision (a)(1) of this  
21 section is levied at the rate of two and eight hundred seventy-five  
22 thousandths percent (2.875%) of the sales price of the used motor vehicle,  
23 trailer, or semitrailer.

24 (b) The tax levied in this section shall be in addition to:

25 (1) Any compensating use tax levied in the Arkansas  
26 Constitution;

27 (2) Any compensating use tax levied by a municipality or county;  
28 and

29 (3) Any additional compensating use tax levied in an Arkansas  
30 city under § 26-52-607.

31 (c) For the purpose of determining whether the tax levied by this  
32 section applies to the sale of a used motor vehicle, trailer, or semitrailer,  
33 the sales price for the used motor vehicle, trailer, or semitrailer shall not  
34 be reduced by:

35 (1) The value of a motor vehicle, trailer, or semitrailer traded  
36 in as part payment on the purchase price of the newly acquired motor vehicle,

1 trailer, or semitrailer; or

2 (2) The amount received by the purchaser for the sale of another  
3 motor vehicle, trailer, or semitrailer.

4 (d) The revenues generated by the tax levied under this section shall  
5 be distributed as follows:

6 (1) Seventy-six and six-tenths percent (76.6%) of the taxes,  
7 interest, penalties, and costs received by the Secretary of the Department of  
8 Finance and Administration under this section shall be deposited as general  
9 revenues;

10 (2) Eight and five-tenths percent (8.5%) of the taxes, interest,  
11 penalties, and costs received by the secretary under this section shall be  
12 deposited into the Property Tax Relief Trust Fund; and

13 (3) Fourteen and nine-tenths percent (14.9%) of the taxes,  
14 interest, penalties, and costs received by the secretary under this section  
15 shall be deposited into the Educational Adequacy Fund.

16 (e) The excise tax levied under this section shall be collected and  
17 paid in the same manner and at the same time as is prescribed in § 26-53-126  
18 for the collection and payment of compensating use taxes on motor vehicles,  
19 trailers, and semitrailers.

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21 SECTION 9. EFFECTIVE DATE. Sections 1-8 of this act are effective on  
22 and after January 1, 2022.

23  
24 /s/PAYTON  
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