

1 State of Arkansas
2 93rd General Assembly
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4

A Bill

SENATE BILL 9

5 By: Senator G. Stubblefield
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING TAXES AND FEES
9 APPLICABLE TO CAR WASH OPERATORS; TO REPEAL THE FEE
10 LEVIED ON CAR WASH OPERATORS BASED ON WATER USAGE;
11 AND FOR OTHER PURPOSES.
12
13

Subtitle

14 TO AMEND THE LAW CONCERNING TAXES AND
15 FEES APPLICABLE TO CAR WASH OPERATORS;
16 AND TO REPEAL THE FEE LEVIED ON CAR WASH
17 OPERATORS BASED ON WATER USAGE.
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20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Arkansas Code § 26-52-401(41)(B), concerning the sales tax
24 exemption for property and services sold to a car wash operator and ancillary
25 services sold by a car wash operator, is amended to read as follows:

26 (B) As used in this subdivision (41):

27 (i)(a) "Ancillary service" means a service provided
28 by a car wash operator in conjunction with the sale of a service through an
29 automatic car wash, a car wash tunnel, or a self-service bay that involves
30 the cleaning of the interior or exterior, or both, of a motor vehicle.

31 (b) "Ancillary service" includes without
32 limitation:

33 (1) Hand prepping any portion of a motor
34 vehicle;

35 (2) Vacuuming;

36 (3) Hand drying any portion of a motor



1 vehicle;

2 (4) Waxing any portion of a motor

3 vehicle;

4 (5) Hand cleaning any portion of a motor

5 vehicle; and

6 (6) Applying a protective or shine coat

7 to any portion of a motor vehicle;

8 (ii) "Automatic car wash" means ~~the same as defined~~

9 ~~in § 26-57-1601~~ a car wash bay that provides a car wash using mechanical

10 equipment that cleans the motor vehicle while the motor vehicle remains

11 stationary;

12 (iii) "Car wash operator" means a person that

13 operates one (1) or more automatic car washes, car wash tunnels, self-service

14 bays, or any combination of automatic car washes, car wash tunnels, and self-

15 service bays;

16 (iv) "Car wash tunnel" means ~~the same as defined in~~

17 ~~§ 26-57-1601~~ a car wash bay that provides a fully automated car wash in which

18 the motor vehicle is moved through a tunnel by a conveyor system; and

19 (v) "Self-service bay" means ~~the same as defined in~~

20 ~~§ 26-57-1601~~ a car wash bay that allows a person to manually wash a motor

21 vehicle using equipment and supplies provided by the car wash operator.

22

23 SECTION 2. Arkansas Code Title 26, Chapter 57, Subchapter 16, is

24 repealed.

25 Subchapter 16 — Car Washes

26

27 ~~26-57-1601. Definitions.~~

28 ~~As used in this subchapter:~~

29 (1) ~~"Automatic car wash" means a car wash bay that provides a~~

30 ~~car wash using mechanical equipment that cleans the motor vehicle while the~~

31 ~~motor vehicle remains stationary;~~

32 (2) ~~"Car wash tunnel" means a car wash bay that provides a fully~~

33 ~~automated car wash in which the motor vehicle is moved through a tunnel by a~~

34 ~~conveyor system; and~~

35 (3) ~~"Public water system" means a water system subject to~~

36 ~~regulation under the Safe Drinking Water Act, 42 U.S.C. § 300f, as existing~~

1 on January 1, 2019, which is owned by a municipal corporation, a governmental
2 corporation, or a nonprofit corporation, including without limitation:

- 3 (A) A municipality;
- 4 (B) A public facilities board;
- 5 (C) A public water authority;
- 6 (D) A water association;
- 7 (E) A regional water distribution district;
- 8 (F) A rural development authority;
- 9 (G) A sanitation authority;
- 10 (H) An improvement district;
- 11 (I) A regional wastewater treatment district; or
- 12 (J) A consolidated waterworks.

13
14 ~~26-57-1602. Registration.~~

15 (a) A person that is entitled to claim a sales and use tax exemption
16 under § 26-52-401(4) shall pay the fee required under § 26-57-1603 in lieu
17 of paying the sales tax under the Arkansas Gross Receipts Act of 1941, § 26-
18 52-101 et seq., and the compensating use tax under the Arkansas Compensating
19 Tax Act of 1949, § 26-53-101 et seq., on the exempt products and services.

20 (b) A car wash operator that is required to pay a fee under § 26-57-
21 1603 shall register electronically with the Secretary of the Department of
22 Finance and Administration before an automatic car wash or a car wash tunnel
23 is made available for commercial use.

24 (c) The electronic registration form provided for in this section
25 shall:

- 26 (1) Be in the form prescribed by the secretary; and
- 27 (2) Contain the information required by rules adopted by the
28 secretary to implement this subchapter.

29
30 ~~26-57-1603. Fees.~~

31 (a) A car wash operator that uses water from a public water system
32 shall pay to the Secretary of the Department of Finance and Administration
33 the following fee by the twentieth day of each month:

34 (1) For car wash tunnels, the car wash operator shall calculate
35 the monthly fee due under this subsection as follows:

- 36 (A) Multiply by eight tenths (0.8) the total aggregate

1 ~~number of gallons of water the car wash operator used during the preceding~~
2 ~~month for all of the car wash operator's car wash tunnels; and~~

3 ~~(B) Multiply the product obtained under subdivision~~
4 ~~(a)(1)(A) of this section by four tenths of one cent (0.4¢); and~~

5 ~~(2) For automatic car washes, the car wash operator shall~~
6 ~~calculate the monthly fee due under this subsection as follows:~~

7 ~~(A) Multiply by eight tenths (0.8) the total aggregate~~
8 ~~number of gallons of water the car wash operator used during the preceding~~
9 ~~month for all of the car wash operator's automatic car washes; and~~

10 ~~(B) Multiply the product obtained under subdivision~~
11 ~~(a)(2)(A) of this section by two tenths of one cent (0.2¢).~~

12 ~~(b) A car wash operator shall pay the fees required under this section~~
13 ~~electronically in the form and method prescribed by the Department of Finance~~
14 ~~and Administration.~~

15
16 ~~26-57-1604. Distribution of revenues.~~

17 ~~All revenue collected under this subchapter shall be general revenues~~
18 ~~and shall be deposited into the State Treasury to the credit of the State~~
19 ~~Apportionment Fund.~~

20
21 ~~26-57-1605. Administration—Rules.~~

22 ~~(a)(1) Each fee levied under this subchapter is a state tax as that~~
23 ~~term is defined in the Arkansas Tax Procedure Act, § 26-18-101 et seq.~~

24 ~~(2) The Arkansas Tax Procedure Act, § 26-18-101 et seq., so far~~
25 ~~as is practicable, is applicable to the fees levied under this subchapter and~~
26 ~~to the reporting, remitting, and enforcement of the fees.~~

27 ~~(b) The Secretary of the Department of Finance and Administration~~
28 ~~shall adopt rules to implement and administer this subchapter.~~

29
30 SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective
31 on the first day of the calendar quarter following the effective date of this
32 act.