

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025  
4

As Engrossed: S4/9/25

## A Bill

HOUSE BILL 1960

5 By: Representative Wardlaw  
6 By: Senator Stone  
7

### For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE APPLICATION OF  
10 CERTAIN TAXES TO LEASED MOTOR VEHICLES; TO AMEND THE  
11 LAW CONCERNING THE ASSESSMENT AND PAYMENT OF PERSONAL  
12 PROPERTY TAXES ON CERTAIN LEASED MOTOR VEHICLES; TO  
13 PROVIDE THAT THE LESSEE OF A LEASED MOTOR VEHICLE IS  
14 THE OWNER OF THE LEASED MOTOR VEHICLE FOR PURPOSES OF  
15 THE ASSESSMENT AND PAYMENT OF PROPERTY TAXES; TO  
16 AMEND THE LAW CONCERNING THE MAXIMUM TAX LIMITATION  
17 ON THE LEVY OF LOCAL SALES AND USE TAXES ON SALES OF  
18 CERTAIN TANGIBLE PERSONAL PROPERTY; AND FOR OTHER  
19 PURPOSES.  
20  
21

### Subtitle

23 TO PROVIDE THAT THE LESSEE OF A LEASED  
24 MOTOR VEHICLE IS THE OWNER FOR PURPOSES  
25 OF THE ASSESSMENT AND PAYMENT OF  
26 PROPERTY TAXES; AND TO AMEND THE LAW  
27 CONCERNING LOCAL SALES AND USE TAXES ON  
28 CERTAIN TANGIBLE PERSONAL PROPERTY.  
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30 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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32 SECTION 1. Arkansas Code § 26-26-706, concerning lists of motor  
33 vehicle licenses for the purpose of property tax assessment, is amended to  
34 add an additional subsection to read as follows:

35 (c) As used in this section, "vehicle owner" means, for purposes of a  
36 motor vehicle that is leased pursuant to a contract providing for the use of



1 the motor vehicle by the lessee for a period of more than thirty (30) days,  
2 the lessee of the motor vehicle.

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4 SECTION 2. Arkansas Code § 26-26-903, concerning the requirement that  
5 the owner of property list the property for assessment, is amended to add an  
6 additional subsection to read as follows:

7 (c) As used in this section, "owner" means, for purposes of a motor  
8 vehicle that is leased pursuant to a contract providing for the use of the  
9 motor vehicle by the lessee for a period of more than thirty (30) days, the  
10 lessee of the motor vehicle.

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12 SECTION 3. Arkansas Code § 26-26-1408(a)(1), concerning the time for  
13 the assessment and payment of personal property taxes, is amended to read as  
14 follows:

15 (a)(1)(A) A taxpayer shall annually assess his or her tangible  
16 personal property for ad valorem taxes during the period from January 1  
17 through May 31.

18 (B) A taxpayer's tangible personal property includes a  
19 motor vehicle that is leased pursuant to a contract providing for the use of  
20 the motor vehicle by the taxpayer as the lessee for a period of more than  
21 thirty (30) days.

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23 SECTION 4. Arkansas Code § 27-14-1015(a), concerning the payment of  
24 personal property taxes and the listing for assessment required for motor  
25 vehicles, is amended to read as follows:

26 (a)(1) The owner of every vehicle subject to registration in Arkansas  
27 shall assess the vehicle with the county tax assessor in the county where  
28 required by law and within the time required by law.

29 (2) As used in this section, "owner" means, for purposes of a  
30 vehicle that is leased pursuant to a contract providing for the use of the  
31 vehicle by the lessee for a period of more than thirty (30) days, the lessee  
32 of the vehicle.

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34 SECTION 5. Arkansas Code § 26-73-301(a), concerning the limitation on  
35 the levy of a local sales or use tax, is amended to read as follows:

36 (a)(1) Any municipal or county sales or use tax levied pursuant to the

1 laws of this state shall be levied and collected only on the first two  
2 thousand five hundred dollars (\$2,500) of gross receipts, gross proceeds, or  
3 sales price on the sale of a:

- 4 ~~(1)~~(A) Motor vehicle;
- 5 ~~(2)~~(B) Aircraft;
- 6 ~~(3)~~(C) Watercraft;
- 7 ~~(4)~~(D) Modular home;
- 8 ~~(5)~~(E) Manufactured home; and
- 9 ~~(6)~~(F) Mobile home.

10 (2) If a sale or lease subject to subdivision (a)(1) of this  
11 section involves periodic payments, the applicable sales and use tax shall  
12 be:

13 (A) For the purpose of determining the application of the  
14 limitation provided under subdivision (a)(1) of this section, applied to the  
15 aggregate amount of all periodic payments due on the sale or lease; and

16 (B) Collected:

17 (i) On the first periodic payment due on the sale or  
18 lease; or

19 (ii) Evenly distributed and collected on each  
20 separate periodic payment due on the sale or lease.

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22 SECTION 6. Arkansas Code § 26-74-220(a), concerning the maximum tax  
23 limitation on the levy of a county sales and use tax for capital  
24 improvements, is amended to add an additional subdivision to read as follows:

25 (3) If a sale or lease subject to subdivision (a)(1) of this  
26 section involves periodic payments, the applicable sales and use tax shall  
27 be:

28 (A) For the purpose of determining the application of the  
29 limitation provided under subdivision (a)(1) of this section, applied to the  
30 aggregate amount of all periodic payments due on the sale or lease; and

31 (B) Collected:

32 (i) On the first periodic payment due on the sale or  
33 lease; or

34 (ii) Evenly distributed and collected on each  
35 separate periodic payment due on the sale or lease.

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1 SECTION 7. Arkansas Code § 26-74-320(a), concerning the maximum tax  
2 limitation on the levy of a county sales tax for capital improvements, is  
3 amended to add an additional subdivision to read as follows:

4 (3) If a sale or lease subject to subdivision (a)(1) of this  
5 section involves periodic payments, the applicable sales and use tax shall  
6 be:

7 (A) For the purpose of determining the application of the  
8 limitation provided under subdivision (a)(1) of this section, applied to the  
9 aggregate amount of all periodic payments due on the sale or lease; and

10 (B) Collected:

11 (i) On the first periodic payment due on the sale or  
12 lease; or

13 (ii) Evenly distributed and collected on each  
14 separate periodic payment due on the sale or lease.

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16 SECTION 8. Arkansas Code § 26-74-412(a)(1), concerning the maximum tax  
17 limitation on the levy of a county sales and use tax for counties without an  
18 existing tax, is amended to add an additional subdivision to read as follows:

19 (C) If a sale or lease subject to subdivision (a)(1)(A) of  
20 this section involves periodic payments, the applicable sales and use tax  
21 shall be:

22 (i) For the purpose of determining the application  
23 of the limitation provided under subdivision (a)(1)(A) of this section,  
24 applied to the aggregate amount of all periodic payments due on the sale or  
25 lease; and

26 (ii) Collected:

27 (a) On the first periodic payment due on the  
28 sale or lease; or

29 (b) Evenly distributed and collected on each  
30 separate periodic payment due on the sale or lease.

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32 SECTION 9. Arkansas Code § 26-74-612(a), concerning the maximum tax  
33 limitation on the levy of a county sales and use tax for capital  
34 improvements, is amended to add an additional subdivision to read as follows:

35 (3) If a sale or lease subject to subdivision (a)(1) of this  
36 section involves periodic payments, the applicable sales and use tax shall

1 be:

2 (A) For the purpose of determining the application of the  
3 limitation provided under subdivision (a)(1) of this section, applied to the  
4 aggregate amount of all periodic payments due on the sale or lease; and

5 (B) Collected:

6 (i) On the first periodic payment due on the sale or  
7 lease; or

8 (ii) Evenly distributed and collected on each  
9 separate periodic payment due on the sale or lease.

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11 SECTION 10. Arkansas Code § 26-75-222(a), concerning the maximum tax  
12 limitation on the levy of a municipal sales and use tax for capital  
13 improvements, is amended to add an additional subdivision to read as follows:

14 (3) If a sale or lease subject to subdivision (a)(1) of this  
15 section involves periodic payments, the applicable sales and use tax shall  
16 be:

17 (A) For the purpose of determining the application of the  
18 limitation provided under subdivision (a)(1) of this section, applied to the  
19 aggregate amount of all periodic payments due on the sale or lease; and

20 (B) Collected:

21 (i) On the first periodic payment due on the sale or  
22 lease; or

23 (ii) Evenly distributed and collected on each  
24 separate periodic payment due on the sale or lease.

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26 SECTION 11. Arkansas Code § 26-75-319(a), concerning the maximum tax  
27 limitation on the levy of a municipal sales tax for capital improvements, is  
28 amended to add an additional subdivision to read as follows:

29 (3) If a sale or lease subject to subdivision (a)(1) of this  
30 section involves periodic payments, the applicable sales and use tax shall  
31 be:

32 (A) For the purpose of determining the application of the  
33 limitation provided under subdivision (a)(1) of this section, applied to the  
34 aggregate amount of all periodic payments due on the sale or lease; and

35 (B) Collected:

36 (i) On the first periodic payment due on the sale or

1 lease; or

2 (ii) Evenly distributed and collected on each  
3 separate periodic payment due on the sale or lease.

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5 SECTION 12. Arkansas Code § 26-81-104(a)(2), concerning the amount of  
6 the tax levied under the Multicounty Airport and Riverport Financing Act, is  
7 amended to read as follows:

8 (2)(A) Any tax levied pursuant to this chapter shall be levied  
9 and collected only on the first two thousand five hundred dollars (\$2,500) of  
10 gross receipts, gross proceeds, or sales price from the sale of a:

- 11 (i) Motor vehicle;  
12 (ii) Aircraft;  
13 (iii) Watercraft;  
14 (iv) Modular home;  
15 (v) Manufactured home; or  
16 (vi) Mobile home.

17 (B) A vendor shall be responsible for collecting and  
18 remitting the tax only on the first two thousand five hundred dollars  
19 (\$2,500) of gross receipts, gross proceeds, or sales price from the sale of  
20 a:

- 21 (i) Motor vehicle;  
22 (ii) Aircraft;  
23 (iii) Watercraft;  
24 (iv) Modular home;  
25 (v) Manufactured home; or  
26 (vi) Mobile home.

27 (C) If a sale or lease subject to subdivision (a)(2)(A) of  
28 this section involves periodic payments, the applicable sales and use tax  
29 shall be:

30 (i) For the purpose of determining the application  
31 of the limitation provided under subdivision (a)(2)(A) of this section,  
32 applied to the aggregate amount of all periodic payments due on the sale or  
33 lease; and

34 (ii) Collected:  
35 (a) On the first periodic payment due on the  
36 sale or lease; or

1 (b) Evenly distributed and collected on each  
2 separate periodic payment due on the sale or lease.

3 (D) A vendor collecting, reporting, and remitting the  
4 county sales or use taxes shall show county taxes as a separate entry on the  
5 tax report form.

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7 SECTION 13. Arkansas Code § 26-82-115(a), concerning the maximum tax  
8 limitation on the levy of a sales and use tax under the Local Sales and Use  
9 Tax Economic Development Project Funding Act, is amended to read as follows:

10 (a)(1) A sales and use tax levied under this chapter shall be levied  
11 and collected only on the first two thousand five hundred dollars (\$2,500) of  
12 gross receipts, gross proceeds, or sales price on the sale of:

13 ~~(1)~~(A) Motor vehicles;

14 ~~(2)~~(B) Aircraft;

15 ~~(3)~~(C) Watercraft;

16 ~~(4)~~(D) Modular homes;

17 ~~(5)~~(E) Manufactured homes; or

18 ~~(6)~~(F) Mobile homes.

19 (2) If a sale or lease subject to subdivision (a)(1) of this  
20 section involves periodic payments, the applicable sales and use tax shall  
21 be:

22 (A) For the purpose of determining the application of the  
23 limitation provided under subdivision (a)(1) of this section, applied to the  
24 aggregate amount of all periodic payments due on the sale or lease; and

25 (B) Collected:

26 (i) On the first periodic payment due on the sale or  
27 lease; or

28 (ii) Evenly distributed and collected on each  
29 separate periodic payment due on the sale or lease.

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31 SECTION 14. DO NOT CODIFY. Effective dates.

32 (a) Sections 1-4 of this act are effective for assessment years  
33 beginning on or after January 1, 2025.

34 (b) Sections 5-13 of this act are effective on the first day of the  
35 calendar quarter following the effective date of this act.

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*/s/Wardlaw*

**APPROVED: 4/22/25**