

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 638

By: Senator J. Boyd
By: Representatives L. Johnson, Henley

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE COLLECTION OF
SALES AND USE TAX ON THE SALE OF A NEW OR USED
MOTORBOAT; TO PROVIDE FOR THE DIRECT PAYMENT OF SALES
AND USE TAX ON A MOTORBOAT SOLD BY A MOTORBOAT
DEALER; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING THE
COLLECTION OF SALES AND USE TAX ON THE
SALE OF A NEW OR USED MOTORBOAT; AND TO
PROVIDE FOR THE DIRECT PAYMENT OF SALES
AND USE TAX ON A MOTORBOAT SOLD BY A
MOTORBOAT DEALER.

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

SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 5, is
amended to add an additional section to read as follows:

26-52-524. Direct payment of tax by consumer-user – New and used
motorboats sold by motorboat dealer – Definitions.

(a) As used in this section, "motorboat" means the same as defined in
§ 27-101-103.

(b)(1)(A) On or before the time for applying for a certificate of
number as prescribed by § 27-101-304, a consumer shall pay to the Secretary
of the Department of Finance and Administration the tax levied by this
chapter and all other gross receipts taxes levied by the state with respect
to the sale by a motorboat dealer of a new or used motorboat required to be



1 numbered in this state.

2 (B) The tax levied by this chapter or other gross receipts
3 taxes levied by the state shall not be collected by the motorboat dealer.

4 (2) The secretary shall require the payment of the taxes at the
5 time of registration before issuing a certificate of number for the new or
6 used motorboat.

7 (3) If the consumer fails to pay the taxes when due:

8 (A) There is assessed a penalty equal to ten percent (10%)
9 of the amount of taxes due; and

10 (B) The consumer shall pay to the secretary the penalty
11 under subdivision (b)(3)(A) of this section and the taxes due before the
12 secretary issues a certificate of number for the motorboat.

13 (c)(1) When a used motorboat is taken in trade as a credit or part
14 payment on the sale of a new or used motorboat by a motorboat dealer, the tax
15 levied by this chapter and all other gross receipts taxes levied by the state
16 shall be paid on the net difference between the total consideration for the
17 new or used motorboat sold and the credit for the used motorboat taken in
18 trade.

19 (2)(A)(i) When a motorboat dealer removes a motorboat from its
20 inventory and the motorboat is used by the dealership as a service motorboat,
21 the dealer shall obtain a certificate of number, register and obtain a
22 certificate of title, and pay sales tax on the listed retail price of the new
23 motorboat.

24 (ii)(a) When the motorboat dealer returns the
25 service motorboat to inventory as a used motorboat and replaces it with a new
26 motorboat for dealership use as a service motorboat, the dealer shall pay
27 sales tax on the difference between the listed retail price of the new
28 service motorboat to be used by the dealership and the value of the used
29 service motorboat being returned to inventory.

30 (b) The value of the used service motorboat
31 shall be the highest listed wholesale price reflected in the most current
32 edition of a publication that is generally accepted by the motorboat industry
33 as providing an accurate valuation of used motorboats.

34 (B)(i) As used in this subsection, "service motorboat"
35 means a motorboat driven exclusively by an employee of the dealership and
36 used either to transport dealership customers or dealership parts and

1 equipment.

2 (ii) "Service motorboat" does not include a
3 motorboat that is rented by the dealership, used as a demonstration
4 motorboat, or used by a dealership employee for personal use.

5 (d) All parts and accessories purchased by motorboat dealers for
6 resale or used by motorboat dealers for the reconditioning or rebuilding of
7 used motorboats intended for resale are exempt from gross receipts tax,
8 provided that the motorboat dealer meets the requirements of § 26-52-
9 401(12)(A) and applicable rules promulgated by the secretary.

10 (e) This section does not repeal any exemption from this chapter.

11 (f) A credit is not allowed for sales or use taxes paid to another
12 state with respect to the purchase of a motorboat that first obtained a
13 certificate of number or title by the purchaser in Arkansas.

14 (g)(1)(A) Except as provided in subdivision (g)(1)(B) of this section,
15 a motorboat dealer with a permit under § 27-101-302(5) who has purchased a
16 used motorboat may pay the applicable fees and apply for a certificate of
17 number for the used motorboat for the sole purpose of obtaining a certificate
18 of title to the used motorboat without payment of gross receipts tax.

19 (B)(i) The sale of a motorboat from the original franchise
20 dealer to any other dealer, person, corporation, or other entity other than a
21 franchise dealer of the same make of motorboat and which sale is reflected on
22 the statement of origin shall be subject to gross receipts tax.

23 (ii) The motorboat shall be considered a used
24 motorboat that shall have a registered certificate of number and be titled,
25 and tax shall be paid at the time of application for a certificate of number.

26 (2) If a certificate of number is issued for a motorboat under §
27 27-101-302(5)(C), the used motorboat titled by a dealer under this subsection
28 shall not be operated on the waters of this state unless there is displayed
29 on the used motorboat the identifying certificate of number issued under §
30 27-101-302(5)(C).

31 (h)(1) For purposes of this section, the total consideration for a
32 used motorboat shall be presumed to be the greater of the actual sales price
33 as provided on the bill of sale, invoice, or financing agreement or the
34 average loan value price of the motorboat as listed in the most current
35 edition of a publication that is generally accepted by the industry as
36 providing an accurate valuation of used motorboats.

1 (2) If the published loan value exceeds the invoiced price, the
2 taxpayer shall establish to the secretary's satisfaction that the price
3 reflected on the invoice or other document is true and correct.

4 (3) If the secretary determines that the invoiced price is not
5 the actual selling price of the motorboat, the total consideration shall be
6 the published loan value.

7
8 SECTION 2. Arkansas Code Title 26, Chapter 53, Subchapter 1, is
9 amended to add an additional section to read as follows:

10 26-53-151. Tax on new and used motorboats – Payment and collection –
11 Definition.

12 (a) As used in this section, "motorboat" means the same as defined in
13 § 27-101-103.

14 (b)(1) Upon applying for a certificate of number in this state, a new
15 or used motorboat sold by a motorboat dealer located outside of the state and
16 required to be registered with a certificate of number in this state is
17 subject to the tax levied in this subchapter and all other use taxes levied
18 by the state.

19 (2)(A)(i) On or before the time for applying for a certificate
20 of number as prescribed by § 27-101-304, the applicant for a certificate of
21 number for the motorboat shall pay the taxes to the Secretary of the
22 Department of Finance and Administration.

23 (ii) The tax levied by this chapter or other use
24 taxes levied by the state shall not be collected by the motorboat dealer.

25 (B) The secretary shall collect the taxes before issuing a
26 certificate of number for the motorboat.

27 (3) If the applicant for a certificate of number for a motorboat
28 fails to pay the taxes when due:

29 (A) There is assessed a penalty equal to ten percent (10%)
30 of the amount of taxes due; and

31 (B) The person making application for a certificate of
32 number for a motorboat shall pay to the secretary the penalty under
33 subdivision (b)(3)(A) of this section and the taxes due before the secretary
34 issues a certificate of number for the motorboat.

35 (c) When a used motorboat is taken in trade as a credit or part
36 payment on the sale of a new or used motorboat by a motorboat dealer located

1 outside of the state, the tax levied in this subchapter and all other use
2 taxes levied by the state shall be paid on the net difference between the
3 total consideration for the new or used motorboat sold and the credit for the
4 used motorboat taken in trade.

5 (d) This section does not repeal any exemption from this subchapter.

6 (e)(1) Upon payment of all applicable fees, a motorboat dealer with a
7 permit under § 27-101-302(5) who has purchased a used motorboat from outside
8 of the state may apply for a certificate of number for the motorboat for the
9 sole purpose of obtaining a certificate of title to the vehicle without
10 payment of use tax.

11 (2) If a certificate of number is issued for a motorboat under §
12 27-101-302(5)(C), the used motorboat titled by a dealer under this subsection
13 shall not be operated on the waters of this state unless there is displayed
14 on the used motorboat the identifying certificate of number issued under §
15 27-101-302(5)(C).

16 (f)(1) For purposes of this section, the total consideration for a
17 used motorboat shall be presumed to be the greater of the actual sales price
18 as provided on a bill of sale, invoice, or financing agreement or the average
19 loan value of the motorboat as listed in the most current edition of a
20 publication which is generally accepted by the motorboat industry as
21 providing an accurate valuation of used motorboats.

22 (2) If the published loan value exceeds the invoiced price, the
23 taxpayer shall establish to the secretary's satisfaction that the price
24 reflected on the invoice or other document is true and correct.

25 (3) If the secretary determines that the invoiced price is not
26 the actual selling price of the motorboat, the total consideration shall be
27 the published loan value.

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

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34 **APPROVED: 4/22/25**