



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: SB638

Bill 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.

Sponsors:

Sen. Boyd

Reps. L. Johnson and Henley

Basic Change:

SB638 requires the purchaser of a new or used motorboat from a motorboat dealer to pay sales and use tax directly to the Department of Finance and Administration (DFA). Under current law, the motorboat dealer is required to collect the tax from the purchaser and remit the tax to DFA. Under SB638, the purchaser will be required to pay the tax when the purchaser applies to obtain a certificate of number and title for the motorboat. The purchaser is required to apply for issuance of a certificate of number within 30 days of the purchase. A purchaser who fails to pay sales and use tax to DFA when due shall be assessed a penalty equal to 10% of the taxes due. SB638 allows a deduction in the sales and use tax due when the purchaser trades a used boat in to the motorboat dealer as part-payment of the purchase price of a new or used boat.

Motorboat dealers will continue to collect sales and use tax from customers on sales of repair parts, motorboat accessories, repair services, and other taxable sales.

SB638 is effective on the first day of the calendar quarter following the effective date of the act.

Fiscal Impact:

Revenue neutral.

Taxpayer Impact:

A taxpayer that purchases a new or used motorboat from a dealer will pay sales and use tax directly to DFA at the time the taxpayer obtains a certificate of number.

Resources Required:

The Arkansas Integrated Revenue System (AIRS) Driver Services/Motor Vehicle will need to be modified at a project cost of \$48,000.

Time Required:

Adequate time is allowed for implementation.



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Procedural Changes:

Updates will be required to the Office of Motor Vehicle (OMV) manual and the Department of Finance and Administration website. Training and review sessions will be conducted for State Revenue Office, Office of Driver Services, and Office of Motor Vehicle employees and staff.

Other Comments:

None.

Legal Analysis:

None.