

INTERIM STUDY PROPOSAL 2025-036

State of Arkansas  
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*As Engrossed: S2/12/25*

**A Bill**

SENATE BILL 49

By: Senator J. Boyd  
By: Representative L. Johnson

Filed with: Senate Committee on Revenue and Taxation  
pursuant to A.C.A. §10-3-217.

**For An Act To Be Entitled**

AN ACT TO AMEND THE LAW CONCERNING THE SALES AND USE  
TAX APPLICABLE TO PURCHASES OF NEW OR USED MOTOR  
VEHICLES, TRAILERS, SEMITRAILERS, AND MOTORBOATS; TO  
AMEND THE LAW CONCERNING THE COLLECTION OF SALES AND  
USE TAX ON MOTOR VEHICLES, TRAILERS, SEMITRAILERS,  
*AND MOTORBOATS, AS AFFIRMED BY REFERRED ACT 19 OF*  
*1958; TO SUBJECT CERTAIN USED MOTORBOATS TO A SPECIAL*  
RATE OF TAX; AND FOR OTHER PURPOSES.

**Subtitle**

*TO AMEND THE LAW CONCERNING THE*  
*COLLECTION OF SALES AND USE TAX ON MOTOR*  
*VEHICLES, TRAILERS, SEMITRAILERS, AND*  
*MOTORBOATS, AS AFFIRMED BY REFERRED ACT*  
*19 OF 1958; AND TO SUBJECT CERTAIN USED*  
*MOTORBOATS TO A SPECIAL RATE OF TAX.*

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

SECTION 1. Arkansas Code § 26-52-324 is amended to read as follows:  
26-52-324. Special tax rate for certain used motor vehicles,  
motorboats, trailers, and semitrailers.

(a) In lieu of the gross receipts or gross proceeds taxes levied  
under §§ 26-52-301 and 26-52-302, there is levied an excise tax on the

gross receipts or gross proceeds derived from the sale of a ~~used motor vehicle, trailer, or semitrailer that has a sales price of at least four thousand dollars (\$4,000) but less than ten thousand dollars (\$10,000)~~ the following at the rate of two and eight hundred seventy-five thousandths percent (2.875%):

(1) A used motor vehicle that has a sales price of at least ten thousand dollars (\$10,000) but less than fifteen thousand dollars (\$15,000); and

(2) A used motorboat, trailer, or semitrailer that has a sales price of at least four thousand dollars (\$4,000) but less than ten thousand dollars (\$10,000).

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

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

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

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

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

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

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

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

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

(2) Eight and five-tenths percent (8.5%) of the taxes, interest, penalties, and costs received by the secretary under this

1 section shall be deposited into the Property Tax Relief Trust Fund;  
2 and

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

6 (e) The excise tax levied under this section shall be collected  
7 and paid in the same manner and at the same time as is prescribed in:

8 (1) § 26-52-510 for the collection and payment of gross  
9 receipts taxes on motor vehicles, trailers, and semitrailers; and

10 (2) § 26-52-524 for the collection and payment of gross  
11 receipts and taxes on motorboats.

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

14  
15 SECTION 2. Arkansas Code § 26-52-510(b)(1)(B), concerning the direct  
16 payment of sales tax by consumer-users on new and used motor vehicles,  
17 trailers, or semitrailers, is amended to read as follows:

18 (B)(i)(a) If the total consideration for the sale of  
19 the new ~~or used~~ motor vehicle, or the new or used trailer, or  
20 semitrailer is less than four thousand dollars (\$4,000), no tax is  
21 due.

22 (b) If the total consideration for the  
23 sale of the used motor vehicle is less than ten thousand dollars  
24 (\$10,000), no tax is due.

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

29 (ii) If the total consideration for the sale of  
30 a used ~~motor vehicle~~, trailer, or semitrailer is at least four  
31 thousand dollars (\$4,000) but less than ten thousand dollars  
32 (\$10,000), the gross receipts tax due shall be determined under § 26-  
33 52-324.

34 (iii) If the total consideration for the sale  
35 of a used ~~motor vehicle~~, trailer, or semitrailer is ten thousand  
36 dollars (\$10,000) or more+,

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

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

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

(iv) If the total consideration for the sale of the used motor vehicle is at least ten thousand dollars (\$10,000) but less than fifteen thousand dollars (\$15,000), the gross receipts tax due shall be determined under §26-52-324.

(v) If the total consideration for the sale of the used motor vehicle is fifteen thousand dollars (\$15,000) or more, the full gross receipts tax rate levied under this chapter shall be levied and collected.

SECTION 3. 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 – Definition.

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

(b)(1) 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 of a new or used motorboat required to be numbered in this state, instead of the taxes being collected by the dealer or seller.

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

(3)(A) The taxes apply regardless of whether the motorboat is sold by a motorboat dealer or an individual, corporation, or partnership not licensed as a motorboat dealer.

(B) The exemption in § 26-52-401(17) for isolated sales does not apply to the sale of a motorboat.

1           (4) If the consumer fails to pay the taxes when due:

2                   (A) There is assessed a penalty equal to ten percent  
3 (10%) of the amount of taxes due; and

4                   (B) The consumer shall pay to the secretary the  
5 penalty under subdivision (b)(4)(A) of this section and the taxes due  
6 before the secretary issues a certificate of number for the motorboat.

7           (c)(1)(A) Except as provided in this section, when a used  
8 motorboat is taken in trade as a credit or part payment on the sale of  
9 a new or used motorboat, the tax levied by this chapter and all other  
10 gross receipts taxes levied by the state shall be paid on the net  
11 difference between the total consideration for the new or used  
12 motorboat sold and the credit for the used motorboat taken in trade.

13                   (B)(i)(a) If the total consideration for the sale of  
14 the new or used motorboat is less than four thousand dollars (\$4,000),  
15 no tax is due.

16                           (b) If the total consideration for the  
17 sale of a new motorboat is four thousand dollars (\$4,000) or more, the  
18 full gross receipts tax rate levied under this chapter shall be levied  
19 and collected.

20                           (ii) If the total consideration for the sale of  
21 a used motorboat is at least four thousand dollars (\$4,000) but less  
22 than ten thousand dollars (\$10,000), the gross receipts tax due shall  
23 be determined under § 26-52-324.

24                           (iii) If the total consideration for the sale  
25 of a used motorboat is ten thousand dollars (\$10,000) or more, the  
26 full gross receipts tax rate levied under this chapter shall be levied  
27 and collected.

28                   (C)(i) When a used motorboat is sold by a consumer,  
29 rather than traded in as a credit or part payment on the sale of a new  
30 or used motorboat, and the consumer subsequently purchases a new or  
31 used motorboat of greater value within sixty (60) days of the sale,  
32 the tax levied by this chapter and all other gross receipts taxes  
33 levied by the state shall be paid on the net difference between the  
34 total consideration for the new or used motorboat purchased  
35 subsequently and the amount received from the sale of the used  
36 motorboat sold in lieu of a trade-in.

1                   (ii)(a) Upon applying for a certificate of  
2 number for the new or used motorboat, a consumer claiming the  
3 deduction provided by subdivision (c)(1)(C)(i) of this section shall  
4 provide a bill of sale signed by all parties to the transaction which  
5 reflects the total consideration paid to the seller for the motorboat.

6                   (b) A copy of the bill of sale shall be  
7 deposited with the department at the time of applying for a  
8 certificate of number for the new or used motorboat.

9                   (c) The deduction provided by this section  
10 shall not be allowed unless the taxpayer claiming the deduction  
11 provides a copy of a bill of sale signed by all parties to the  
12 transaction which reflects the total consideration paid to the seller  
13 for the motorboat.

14                  (iii) If the taxpayer claiming the deduction  
15 provided in this section fails to provide a bill of sale signed by all  
16 parties to the transaction that reflects the total consideration paid  
17 to the seller for the motorboat, tax shall be due on the total  
18 consideration paid for the new or used motorboat without any deduction  
19 for the value of the item sold.

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

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

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

35                  (B)(i) As used in this subsection, "service  
36 motorboat" means a motorboat driven exclusively by an employee of the

1 dealership and used either to transport dealership customers or  
2 dealership parts and equipment.

3 (ii) "Service motorboat" does not include  
4 motorboats that are rented by the dealership, used as demonstration  
5 motorboats, or used by dealership employees for personal use.

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

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

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

18 (g)(1)(A) A motorboat dealer with a permit under § 27-101-302(5)  
19 who has purchased a used motorboat upon payment of all applicable fees  
20 may apply for a certificate of number for the motorboat for the sole  
21 purpose of obtaining a certificate of title to the motorboat without  
22 payment of gross receipts tax, except as provided in subdivision  
23 (g)(1)(B) of this section.

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

29 (ii) The motorboat shall be considered a used  
30 motorboat that shall have a registered certificate of number and be  
31 titled, and tax shall be paid at the time of application for a  
32 certificate of number.

33 (iii) Subdivision (g)(1)(A) of this section  
34 does not apply in the circumstances described in subdivisions  
35 (g)(1)(B)(i) and (ii).

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

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

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

17           (3) If the secretary determines that the invoiced price is  
 18 not the actual selling price of the motorboat, the total consideration  
 19 will be deemed to be the published loan value.

20  
 21           SECTION 4. Arkansas Code § 26-53-126(b)(2), concerning the  
 22 compensating use tax on new and used motor vehicles, trailers, or  
 23 semitrailers, is amended to read as follows:

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

27                   (ii) If the total consideration for the sale of  
 28 the used motor vehicle is less than ten thousand dollars (\$10,000), no  
 29 tax is due.

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

34           (B) If the total consideration for the sale of a used  
 35 motor vehicle, trailer, or semitrailer is at least four thousand



dollars (\$4,000) but less than ten thousand dollars (\$10,000), the compensating use tax due shall be determined under § 26-53-150.

(C) If the total consideration for the sale of a used ~~motor vehicle~~, trailer, or semitrailer is ten thousand dollars (\$10,000) or more,

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

~~(ii) The special tax rate provided in § 26-53-150 does not apply; and~~

~~(iii) The~~ the full compensating use tax rate levied under this chapter shall be levied and collected.

(D) If the total consideration for the sale of the used motor vehicle is at least ten thousand dollars (\$10,000) but less than fifteen thousand dollars (\$15,000), the compensating use tax due shall be determined under § 26-53-150.

(E) If the total consideration for the sale of the used motor vehicle is fifteen thousand dollars (\$15,000) or more, the full compensating use tax rate levied under this chapter shall be levied and collected.

SECTION 5. Arkansas Code § 26-53-150 is amended to read as follows:

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

(a)(1) In lieu of the compensating use taxes levied under §§ 26-53-106 and 26-53-107, there is levied an excise tax for the privilege of storing, using, distributing, or consuming a used motor vehicle, motorboat, trailer, or semitrailer within this state if the sales price ~~of the used motor vehicle, trailer, or semitrailer~~ is:

(A) For a used motor vehicle, at least ten thousand dollars (\$10,000) but less than fifteen thousand dollars (\$15,000); and

(B) For a used motorboat, trailer, or semitrailer, at least four thousand dollars (\$4,000) but less than ten thousand dollars (\$10,000).

(2) The excise tax levied under subdivision (a)(1) of this section is levied at the rate of two and eight hundred seventy-five

1 thousandths percent (2.875%) of the sales price of the used motor  
2 vehicle, motorboat, trailer, or semitrailer.

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

4 (1) Any compensating use tax levied in the Arkansas  
5 Constitution;

6 (2) Any compensating use tax levied by a municipality or  
7 county; and

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

10 (c) For the purpose of determining whether the tax levied by  
11 this section applies to the sale of a used motor vehicle, motorboat,  
12 trailer, or semitrailer, the sales price for the used motor vehicle,  
13 motorboat trailer, or semitrailer shall not be reduced by:

14 (1) The value of a motor vehicle, motorboat, trailer, or  
15 semitrailer traded in as part payment on the purchase price of the  
16 newly acquired motor vehicle, motorboat, trailer, or semitrailer; or

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

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

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

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

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

32 (e) The excise tax levied under this section shall be collected  
33 and paid in the same manner and at the same time as is prescribed in §  
34 26-53-126 for the collection and payment of compensating use taxes on  
35 motor vehicles, motorboat, trailers, and semitrailers.

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

3  
4       SECTION 6. Arkansas Code Title 26, Chapter 53, Subchapter 1, is  
5 amended to add an additional section to read as follows:

6       26-53-151. Tax on new and used motorboats – Payment and  
7 collection – Definition.

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

10       (b)(1) Upon applying for a certificate of number in this state,  
11 a new or used motorboat required to be registered with a certificate  
12 of number in this state is subject to the tax levied in this  
13 subchapter and all other use taxes levied by the state regardless of  
14 whether the motorboat was purchased from a dealer or an individual.

15       (2)(A) On or before the time for applying for a  
16 certificate of number as prescribed by § 27-101-304, the person making  
17 application for a certificate of number for the motorboat shall pay  
18 the taxes to the Secretary of the Department of Finance and  
19 Administration instead of the taxes being collected by the dealer or  
20 individual seller.

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

23       (3) The exemption in § 26-52-401(17) for isolated sales  
24 does not apply to the sale of a motorboat.

25       (4) If the person making application for a certificate of  
26 number for a motorboat fails to pay the taxes when due:

27       (A) There is assessed a penalty equal to ten percent  
28 (10%) of the amount of taxes due; and

29       (B) The person making application for a certificate  
30 of number for a motorboat shall pay to the secretary the penalty under  
31 subdivision (b)(4)(A) of this section and the taxes due before the  
32 secretary issues a certificate of number for the motorboat.

33       (c)(1) When a used motorboat is taken in trade as a credit or  
34 part payment on the sale of a new or used motorboat, the tax levied in  
35 this subchapter and all other use taxes levied by the state shall be  
36 paid on the net difference between the total consideration for the new

1 or used motorboat sold and the credit for the used motorboat taken in  
2 trade.

3 (2)(A)(i) If the total consideration for the sale of the  
4 new or used motorboat is less than four thousand dollars (\$4,000), no  
5 tax is due.

6 (ii) If the total consideration for the sale of  
7 a new motorboat is four thousand dollars (\$4,000) or more, the full  
8 compensating use tax rate levied under this chapter shall be levied  
9 and collected.

10 (B) If the total consideration for the sale of a used  
11 motorboat is at least four thousand dollars (\$4,000) but less than ten  
12 thousand dollars (\$10,000), the compensating use tax due shall be  
13 determined under § 26-53-150.

14 (C) If the total consideration for the sale of a used  
15 motorboat is ten thousand dollars (\$10,000) or more:

16 (i) The exemption under subdivision  
17 (c)(2)(A)(i) of this section does not apply;

18 (ii) The special tax rate provided in § 26-53-  
19 150 does not apply; and

20 (iii) The full compensating use tax rate levied  
21 under this chapter shall be levied and collected.

22 (3)(A) When a used motorboat is sold by a consumer, rather  
23 than traded in as a credit or part payment on the sale of a new or  
24 used motorboat, and the consumer subsequently purchases a new or used  
25 motorboat of greater value within sixty (60) days of the sale, the tax  
26 levied by this chapter and all other gross receipts taxes levied by  
27 the state shall be paid on the net difference between the total  
28 consideration for the new or used motorboat purchased subsequently and  
29 the amount received from the sale of the used motorboat sold in lieu  
30 of a trade-in.

31 (B)(i) Upon applying for a certificate of number for  
32 the new or used motorboat, a consumer claiming the deduction provided  
33 by subdivision (c)(3)(A) of this section shall provide a bill of sale  
34 signed by all parties to the transaction which reflects the total  
35 consideration paid to the seller for the motorboat.

1                   (ii) A copy of the bill of sale shall be  
2 deposited with the department at the time of registration of the new  
3 or used motorboat.

4                   (iii) The deduction provided by this  
5 subdivision (c)(3) shall not be allowed unless the taxpayer claiming  
6 the deduction provides a copy of a bill of sale signed by all parties  
7 to the transaction that reflects the total consideration paid to the  
8 seller for the motorboat.

9                   (C) If the taxpayer claiming the deduction provided  
10 in this subdivision (c)(3) fails to provide a bill of sale signed by  
11 all parties to the transaction that reflects the total consideration  
12 paid to the seller for the motorboat, tax shall be due on the total  
13 consideration paid for the new or used motorboat without any deduction  
14 for the value of the item sold.

15                  (d) The tax imposed by this subchapter does not apply to a  
16 motorboat to be registered by a bona fide nonresident of this state.

17                  (e) This section does not repeal any exemption from this  
18 subchapter.

19                  (f)(1) Upon payment of all applicable fees, a motorboat dealer  
20 with a permit under § 27-101-302(5) who has purchased a used motorboat  
21 may apply for a certificate of number for the motorboat for the sole  
22 purpose of obtaining a certificate of title to the vehicle without  
23 payment of use tax.

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

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

35                  (2) If the published loan value exceeds the invoiced  
36 price, the taxpayer shall establish to the secretary's satisfaction

1 that the price reflected on the invoice or other document is true and  
2 correct.

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

6  
7 SECTION 7. EFFECTIVE DATE. Sections 1 through 6 of this act are  
8 effective on the first day of the calendar quarter following the effective  
9 date of this act.

10  
11 */s/J. Boyd*  
12  
13

14 Referred requested by the Arkansas Senate  
15 Prepared by: CEB/AMS  
16  
17