

INTERIM STUDY PROPOSAL 2025-069

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A Bill

HOUSE BILL 1968

By: Representatives Perry, Brooks, Joey Carr, Hawk, R. Scott Richardson
By: Senator M. Johnson

Filed with: House 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 COLLECTION OF
SALES AND USE TAXES ON NEW OR USED MOTOR VEHICLES,
TRAILERS, AND SEMITRAILERS, AS AFFIRMED BY REFERRED
ACT 19 OF 1958; TO REQUIRE THE COLLECTION OF SALES
TAX AT THE POINT OF SALE FOR THE SALE OF A NEW OR
USED MOTOR VEHICLE, TRAILER, OR SEMITRAILER BY A
DEALER; AND FOR OTHER PURPOSES.

Subtitle

TO REQUIRE THE COLLECTION OF SALES TAX
AT THE POINT OF SALE FOR THE SALE OF A
NEW OR USED MOTOR VEHICLE, TRAILER, OR
SEMITRAILER BY A DEALER; AND TO AMEND
LAW AFFIRMED BY REFERRED ACT 19 OF 1958.

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

SECTION 1. Arkansas Code § 14-164-333(a)(2)(B), concerning local sales
and use taxes for capital improvement bonds, is amended to read as follows:

(B) The tax levied in this subchapter on new and used
motor vehicles shall be collected ~~by the secretary directly from the~~
~~purchaser~~ in the manner prescribed in § 26-52-510.

SECTION 2. Arkansas Code § 26-52-510(a)(1) and (2), as affirmed by

1 Referred Act 19 of 1958 and concerning the payment of sales tax on the sale
2 of new and used motor vehicles, trailers, or semitrailers, are amended to
3 read as follows:

4 (a)(1)(A) On or before the time for registration as prescribed by §
5 27-14-903(a), a consumer shall pay to the Secretary of the Department of
6 Finance and Administration the tax levied by this chapter and all other gross
7 receipts taxes levied by the state with respect to the sale by a person other
8 than a dealer of a new or used motor vehicle, trailer, or semitrailer
9 required to be licensed in this state, instead of the taxes being collected
10 by the ~~dealer or~~ seller.

11 (B) The tax levied by this chapter and all other gross
12 receipts taxes levied by the state with respect to the sale by a dealer of a
13 new or used motor vehicle, trailer, or semitrailer required to be licensed in
14 this state shall be collected at the time of the sale.

15 (2) The secretary shall require the payment of the taxes due
16 under subdivision (a)(1)(A) of this section at the time of registration
17 before issuing a license for the new or used motor vehicle, trailer, or
18 semitrailer.

19
20 SECTION 3. Arkansas Code § 26-52-510(b)(1)(C), as affirmed by Referred
21 Act 19 of 1958 and concerning the payment of sales tax on the sale of new and
22 used motor vehicles, trailers, or semitrailers, is amended to read as
23 follows:

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

34 (b) If the subsequent purchase of the new or
35 used motor vehicle, trailer, or semitrailer is from a dealer, the consumer:

36 (1) Shall pay the tax due on the total

1 consideration for the new or used motor vehicle, trailer or semitrailer
 2 without taking the deduction provided under subdivision (b)(1)(C)(i)(a) of
 3 this section; and

4 (2) May claim the deduction provided
 5 under subdivision (b)(1)(C)(i)(a) of this section using the process
 6 established under subdivision (b)(1)(C)(ii) of this section.

7 (ii)(a) Upon registration of the new or used motor
 8 vehicle, a consumer claiming the deduction provided by subdivision
 9 ~~(b)(1)(C)(i)~~ (b)(1)(C)(i)(a) of this section shall: ~~provide~~

10 (1) Provide a bill of sale signed
 11 by all parties to the transaction ~~which~~ that reflects the total consideration
 12 paid to the seller for the vehicle; and

13 (2) If the new or used motor
 14 vehicle was purchased from a dealer, file a claim for a rebate of the amount
 15 subject to the deduction provided by subdivision (b)(1)(C)(i)(a) of this
 16 section.

17 (b) A copy of the bill of sale and the claim
 18 for a rebate, if any, shall be deposited with the revenue office at the time
 19 of registration of the new or used motor vehicle.

20 (c) The deduction provided by this section
 21 shall not be allowed unless the taxpayer claiming the deduction provides a
 22 copy of a bill of sale signed by all parties to the transaction which
 23 reflects the total consideration paid to the seller for the vehicle.

24 (iii) If the taxpayer claiming the deduction
 25 provided in this section fails to provide a bill of sale signed by all
 26 parties to the transaction ~~which~~ that reflects the total consideration paid
 27 to the seller for the vehicle, ~~tax shall be due on the total consideration~~
 28 ~~paid for the new or used vehicle, trailer, or semitrailer without any~~
 29 ~~deduction for the value of the item sold~~ the taxpayer is not eligible to
 30 claim the deduction provided in this section.

31
 32 SECTION 4. Arkansas Code § 26-52-510(f)(1)(B)(ii), as affirmed by
 33 Referred Act 19 of 1958 and concerning the payment of sales tax on the sale
 34 of a motor vehicle from the original franchise dealer to an entity other than
 35 a franchise dealer of the same make of vehicle, is amended to read as
 36 follows:

1 (ii) The vehicle shall be considered a used motor
2 vehicle which shall be registered and titled, and tax shall be paid at the
3 time of ~~registration~~ the sale.
4

5 SECTION 5. Arkansas Code § 26-52-523(c)(3), concerning the credit or
6 rebate on local sales and use tax, is amended to read as follows:

7 (3) If a rebate would be due under this section as a result of
8 the purchase of a travel trailer and if the gross receipts or compensating
9 use tax on the travel trailer is collected: ~~directly~~

10 (A) Directly from the purchaser by the Department of
11 Finance and Administration under § 26-52-510 or § 26-53-126, then the
12 department shall collect only the amount of tax due less the amount to which
13 the purchaser would be entitled under the rebate provisions of this section;
14 or

15 (B) From the purchaser at the point of sale under § 26-52-
16 510, then the purchaser shall file a claim for a rebate as provided under §
17 26-52-510.
18

19 SECTION 6. Arkansas Code § 26-74-213(b)(1), concerning rebates of
20 county sales and use tax for capital improvements, is amended to read as
21 follows:

22 (b)(1) If a rebate would be due pursuant to the provisions of this
23 subchapter as a result of the purchase of a new or used motor vehicle: ~~and if~~

24 (A) If the tax on the new or used motor vehicle is
25 collected directly from the purchaser ~~pursuant to the provisions of~~ under §
26 26-52-510, then the Secretary of the Department of Finance and Administration
27 shall collect only the amount of tax due less the amount to which the
28 purchaser would be entitled under the rebate provisions of this subchapter;
29 or

30 (B) If the tax on the new or used motor vehicle is
31 collected from the purchaser at the point of sale under § 26-52-510, then the
32 purchaser shall file a claim for a rebate as provided under § 26-52-510.
33

34 SECTION 7. Arkansas Code § 26-74-408(b)(1), concerning rebates of
35 county sales and use tax for capital improvements, is amended to read as
36 follows:

(b)(1) When a rebate would be due ~~pursuant to the provisions of~~ under this subchapter as a result of the purchase of a new or used motor vehicle; ~~and when~~

(A) If the tax on the new or used motor vehicle is collected directly from the purchaser ~~pursuant to the provisions of~~ under § 26-52-510, then the Secretary of the Department of Finance and Administration shall collect only the amount of tax due less the amount to which the purchaser would be entitled under the rebate provisions of this subchapter; or

(B) If the tax on the new or used motor vehicle is collected from the purchaser at the point of sale under § 26-52-510, then the purchaser shall file a claim for a rebate as provided under § 26-52-510.

SECTION 8. Arkansas Code § 26-75-212(b), concerning the collection of the city sales and use tax for capital improvements, is amended to read as follows:

(b) The tax levied in this subchapter on new and used motor vehicles shall be collected ~~by the Secretary of the Department of Finance and Administration directly from the purchaser~~ in the manner prescribed in § 26-52-510.

SECTION 9. Arkansas Code § 26-82-108(b), concerning the collection of the local sales and use tax under the Local Sales and Use Tax Economic Development Project Funding Act, is amended to read as follows:

(b) The local sales and use tax levied under this chapter on new and used motor vehicles shall be collected ~~by the Secretary of the Department of Finance and Administration directly from the purchaser~~ under § 26-52-510.

SECTION 10. EFFECTIVE DATE. Sections 1-9 of this act are effective on the first day of the calendar quarter following the effective date of this act.

/s/Perry

Referred requested by the Arkansas House of Representatives

1 Prepared by: JLL/AMS

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