

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

SENATE BILL 133

5 By: Senators J. Payton, J. Dotson, G. Stubblefield, Stone, D. Sullivan
6 By: Representatives Lundstrum, Andrews, Beck, S. Berry, M. Brown, John Carr, C. Cooper, Duffield,
7 Ennett, Hawk, D. Hodges, G. Hodges, Hollowell, Hudson, Ladyman, Long, Lynch, Maddox, McAlindon,
8 McClure, McCollum, McCullough, McGrew, S. Meeks, J. Moore, Painter, Pearce, Puryear, R. Scott
9 Richardson, Rose, Underwood, Unger, Watson, D. Whitaker, Womack

For An Act To Be Entitled

10
11
12 AN ACT TO AMEND THE SALES AND USE TAX APPLICABLE TO
13 NEW AND USED MOTOR VEHICLES, TRAILERS, AND
14 SEMITRAILERS; TO INCREASE THE SALES AND USE TAX
15 EXEMPTION FOR USED MOTOR VEHICLES; TO REPEAL THE
16 SPECIAL RATE OF TAX FOR CERTAIN USED MOTOR VEHICLES,
17 TRAILERS, AND SEMITRAILERS; TO REPEAL THE SALES AND
18 USE TAX EXEMPTION FOR NEW MOTOR VEHICLES, TRAILERS,
19 AND SEMITRAILERS; AND FOR OTHER PURPOSES.

Subtitle

20
21
22
23 TO INCREASE THE SALES AND USE TAX
24 EXEMPTION FOR USED MOTOR VEHICLES; AND TO
25 REPEAL THE SPECIAL RATE OF TAX FOR
26 CERTAIN USED MOTOR VEHICLES, TRAILERS,
27 AND SEMITRAILERS.

28
29
30 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

31
32 SECTION 1. The introductory language of Arkansas Code § 26-52-301 is
33 amended to read as follows:

34 Except for food and food ingredients that are taxed under § 26-52-317
35 ~~and except for used motor vehicles, trailers, and semitrailers that are taxed~~
36 ~~under § 26-52-324~~, there is levied an excise tax of three percent (3%) upon



1 the gross proceeds or gross receipts derived from all sales to any person of
2 the following:

3
4 SECTION 2. Arkansas Code § 26-52-302 is amended to read as follows:

5 26-52-302. Additional taxes levied.

6 (a)(1) In addition to the excise tax levied upon the gross proceeds or
7 gross receipts derived from all sales by this chapter, except for food and
8 food ingredients that are taxed under § 26-52-317 ~~and except for used motor~~
9 ~~vehicles, trailers, and semitrailers that are taxed under § 26-52-324~~, there
10 is levied an excise tax of one percent (1%) upon all taxable sales of
11 property, specified digital products, digital codes, and services subject to
12 the tax levied in this chapter.

13 (2) This tax shall be collected, reported, and paid in the same
14 manner and at the same time as is prescribed by law for the collection,
15 reporting, and payment of all other Arkansas gross receipts taxes.

16 (3) In computing gross receipts or gross proceeds as defined in
17 § 26-52-103, a deduction shall be allowed for bad debts resulting from the
18 sale of tangible personal property.

19 (b)(1) In addition to the excise tax levied upon the gross proceeds or
20 gross receipts derived from all sales by this chapter, except for food and
21 food ingredients that are taxed under § 26-52-317 ~~and except for used motor~~
22 ~~vehicles, trailers, and semitrailers that are taxed under § 26-52-324~~, there
23 is hereby levied an excise tax of one-half of one percent (0.5%) upon all
24 taxable sales of property, specified digital products, digital codes, and
25 services subject to the tax levied in this chapter.

26 (2) This tax shall be collected, reported, and paid in the same
27 manner and at the same time as is prescribed by law for the collection,
28 reporting, and payment of all other Arkansas gross receipts taxes.

29 (3) However, in computing gross receipts or gross proceeds as
30 defined in § 26-52-103, a deduction shall be allowed for bad debts resulting
31 from the sale of tangible personal property.

32 (c)(1) Except for food and food ingredients that are taxed under § 26-
33 52-317 ~~and except for used motor vehicles, trailers, and semitrailers that~~
34 ~~are taxed under § 26-52-324~~, there is levied an additional excise tax of one-
35 half of one percent (0.5%) upon all taxable sales of property, specified
36 digital products, digital codes, and services subject to the tax levied by

1 this chapter.

2 (2) The tax shall be collected, reported, and paid in the same
 3 manner and at the same time as is prescribed by this chapter, for the
 4 collection, reporting, and payment of Arkansas gross receipts taxes.

5 (d)(1) Except for food and food ingredients that are taxed under § 26-
 6 52-317 and ~~except for used motor vehicles, trailers, and semitrailers that~~
 7 ~~are taxed under § 26-52-324~~, there is levied an additional excise tax of
 8 seven-eighths of one percent (0.875%) upon all taxable sales of property,
 9 specified digital products, digital codes, and services subject to the tax
 10 levied by this chapter.

11 (2) The tax shall be collected, reported, and paid in the same
 12 manner and at the same time as prescribed by this chapter, for the
 13 collection, reporting, and payment of Arkansas gross receipts taxes.
 14

15 SECTION 3. Arkansas Code § 26-52-324 is repealed.

16 ~~26-52-324. Special tax rate for certain used motor vehicles, trailers,~~
 17 ~~and semitrailers.~~

18 ~~(a) In lieu of the gross receipts or gross proceeds taxes levied under~~
 19 ~~§§ 26-52-301 and 26-52-302, there is levied an excise tax on the gross~~
 20 ~~receipts or gross proceeds derived from the sale of a used motor vehicle,~~
 21 ~~trailer, or semitrailer that has a sales price of at least four thousand~~
 22 ~~dollars (\$4,000) but less than ten thousand dollars (\$10,000) at the rate of~~
 23 ~~two and eight hundred seventy five thousandths percent (2.875%).~~

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

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

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

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

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

36 ~~(1) The value of a motor vehicle, trailer or semitrailer traded~~

1 in as part payment on the purchase price of the newly acquired motor vehicle,
2 trailer, or semitrailer; or

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

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

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

11 (2) ~~Eight and five tenths percent (8.5%) of the taxes, interest,~~
12 ~~penalties, and costs received by the secretary under this section shall be~~
13 ~~deposited into the Property Tax Relief Trust Fund; and~~

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

17 (e) ~~The excise tax levied under this section shall be collected and~~
18 ~~paid in the same manner and at the same time as is prescribed in § 26-52-510~~
19 ~~for the collection and payment of gross receipts taxes on motor vehicles,~~
20 ~~trailers, and semitrailers.~~

21
22 SECTION 4. Arkansas Code § 26-52-510(b)(1)(B), concerning the direct
23 payment of sales tax by consumer-users on new and used motor vehicles,
24 trailers, or semitrailers, is amended to read as follows:

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

28 (b) If the total consideration for the sale of
29 a ~~new motor vehicle,~~ used trailer, or semitrailer is four thousand dollars
30 (\$4,000) or more, the full gross receipts tax rate levied under this chapter
31 shall be levied and collected.

32 (ii) If the total consideration for the sale of a
33 used motor vehicle, ~~trailer, or semitrailer is at least four thousand dollars~~
34 ~~(\$4,000) but is~~ less than ten thousand dollars (\$10,000), ~~the gross receipts~~
35 ~~tax due shall be determined under § 26-52-324~~ no tax is due.

36 (iii) If the total consideration for the sale of a

1 used motor vehicle, ~~trailer, or semitrailer~~ is ten thousand dollars (\$10,000)
2 or more+.

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

5 ~~(b) The special tax rate provided in § 26-52-~~
6 ~~324 does not apply; and~~

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

9

10 SECTION 5. Arkansas Code § 26-53-106(a), concerning the imposition and
11 rate of the compensating use tax, is amended to read as follows:

12 (a) There is levied and there shall be collected from every person in
13 this state a tax or excise for the privilege of storing, using, distributing,
14 or consuming within this state tangible personal property, specified digital
15 products, a digital code, or a taxable service purchased for storage, use,
16 distribution, or consumption in this state at the rate of three percent (3%)
17 of the sales price of the tangible personal property, specified digital
18 products, digital code, or taxable service except for food and food
19 ingredients that are taxed under § 26-53-145 ~~and except for used motor~~
20 ~~vehicles, trailers, and semitrailers that are taxed under § 26-53-150.~~

21

22 SECTION 6. Arkansas Code § 26-53-107 is amended to read as follows:
23 26-53-107. Additional taxes levied.

24 (a)(1) In addition to the excise tax levied upon the privilege of
25 storing, using, distributing, or consuming tangible personal property,
26 specified digital products, a digital code, and taxable services within this
27 state by this subchapter, there is levied an excise tax of one percent (1%)
28 upon all tangible personal property, specified digital products, digital
29 codes, and taxable services subject to the tax levied in this subchapter
30 except for food and food ingredients that are taxed under § 26-53-145 ~~and~~
31 ~~except for used motor vehicles, trailers, and semitrailers that are taxed~~
32 ~~under § 26-53-150.~~

33 (2) The tax shall be collected, reported, and paid in the same
34 manner and at the same time as is prescribed by law for the collection,
35 reporting, and payment of state compensating taxes.

36 (b)(1) In addition to the excise tax levied upon the privilege of

1 storing, using, distributing, or consuming tangible personal property,
2 specified digital products, a digital code, and taxable services within the
3 state by this subchapter, there is levied an excise tax of one-half of one
4 percent (0.5%) upon all tangible personal property, specified digital
5 products, digital codes, and taxable services subject to the tax levied in
6 this subchapter except for food and food ingredients that are taxed under §
7 26-53-145 ~~and except for used motor vehicles, trailers, and semitrailers that~~
8 ~~are taxed under § 26-53-150.~~

9 (2) The tax shall be collected, reported, and paid in the same
10 manner and at the same time as is prescribed by law for the collection,
11 reporting, and payment of Arkansas compensating taxes.

12 (c)(1) There is levied an additional excise tax of one-half of one
13 percent (0.5%) upon all tangible personal property, specified digital
14 products, digital codes, and taxable services subject to the tax levied by
15 this subchapter except for food and food ingredients that are taxed under §
16 26-53-145 ~~and except for used motor vehicles, trailers, and semitrailers that~~
17 ~~are taxed under § 26-53-150.~~

18 (2) The tax shall be collected, reported, and paid in the same
19 manner and at the same time as is prescribed by this subchapter for the
20 collection, reporting, and payment of Arkansas compensating taxes.

21 (d)(1) There is levied an additional excise tax of seven-eighths of
22 one percent (0.875%) upon all tangible personal property, specified digital
23 products, digital codes, and taxable services subject to the tax levied by
24 this subchapter except for food and food ingredients that are taxed under §
25 26-53-145 ~~and except for used motor vehicles, trailers, and semitrailers that~~
26 ~~are taxed under § 26-53-150.~~

27 (2) The tax shall be collected, reported, and paid in the same
28 manner and at the same time as is prescribed by this subchapter for the
29 collection, reporting, and payment of Arkansas compensating taxes.

30
31 SECTION 7. Arkansas Code § 26-53-126(b)(2), concerning the payment and
32 collections of the compensating use tax on new and used motor vehicles,
33 trailers, or semitrailers, is amended to read as follows:

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

1 (ii) If the total consideration for the sale of a
2 ~~new motor vehicle,~~ used trailer, or semitrailer is four thousand dollars
3 (\$4,000) or more, the full compensating use tax rate levied under this
4 chapter shall be levied and collected.

5 (B) If the total consideration for the sale of a used
6 motor vehicle, ~~trailer, or semitrailer is at least four thousand dollars~~
7 ~~(\$4,000) but is~~ less than ten thousand dollars (\$10,000), ~~the compensating~~
8 ~~use tax due shall be determined under § 26-53-150~~ no tax is due.

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

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

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

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

18
19 SECTION 8. Arkansas Code § 26-53-150 is repealed.

20 ~~26-53-150. Special tax rate for certain used motor vehicles, trailers,~~
21 ~~and semitrailers.~~

22 ~~(a)(1) In lieu of the compensating use taxes levied under §§ 26-53-106~~
23 ~~and 26-53-107, there is levied an excise tax for the privilege of storing,~~
24 ~~using, distributing, or consuming a used motor vehicle, trailer, or~~
25 ~~semitrailer within this state if the sales price of the used motor vehicle,~~
26 ~~trailer, or semitrailer is at least four thousand dollars (\$4,000) but less~~
27 ~~than ten thousand dollars (\$10,000).~~

28 ~~(2) The excise tax levied under subdivision (a)(1) of this~~
29 ~~section is levied at the rate of two and eight hundred seventy-five~~
30 ~~thousandths percent (2.875%) of the sales price of the used motor vehicle,~~
31 ~~trailer, or semitrailer.~~

32 ~~(b) The tax levied in this section shall be in addition to+~~

33 ~~(1) Any compensating use tax levied in the Arkansas~~
34 ~~Constitution;~~

35 ~~(2) Any compensating use tax levied by a municipality or county;~~
36 ~~and~~

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

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

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

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

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

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

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

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

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

28
29 SECTION 9. EFFECTIVE DATE. Sections 1-8 of this act are effective on
30 the first day of the calendar quarter following the effective date of this
31 act.