

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

HOUSE BILL 1960

5 By: Representative Wardlaw
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE APPLICATION OF
10 CERTAIN TAXES TO LEASED MOTOR VEHICLES; TO AMEND THE
11 LAW CONCERNING THE ASSESSMENT AND PAYMENT OF PERSONAL
12 PROPERTY TAXES ON CERTAIN LEASED MOTOR VEHICLES; TO
13 PROVIDE THAT THE LESSEE OF A LEASED MOTOR VEHICLE IS
14 THE OWNER OF THE LEASED MOTOR VEHICLE FOR PURPOSES OF
15 THE ASSESSMENT AND PAYMENT OF PROPERTY TAXES; TO
16 AMEND THE LAW CONCERNING THE MAXIMUM TAX LIMITATION
17 ON THE LEVY OF LOCAL SALES AND USE TAXES ON SALES OF
18 CERTAIN TANGIBLE PERSONAL PROPERTY; AND FOR OTHER
19 PURPOSES.
20
21

Subtitle

23 TO PROVIDE THAT THE LESSEE OF A LEASED
24 MOTOR VEHICLE IS THE OWNER FOR PURPOSES
25 OF THE ASSESSMENT AND PAYMENT OF
26 PROPERTY TAXES; AND TO AMEND THE LAW
27 CONCERNING LOCAL SALES AND USE TAXES ON
28 CERTAIN TANGIBLE PERSONAL PROPERTY.
29

30 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
31

32 SECTION 1. Arkansas Code § 26-26-706, concerning lists of motor
33 vehicle licenses for the purpose of property tax assessment, is amended to
34 add an additional subsection to read as follows:

35 (c) As used in this section, "vehicle owner" means, for purposes of a
36 motor vehicle that is leased pursuant to a contract providing for the use of



1 the motor vehicle by the lessee for a period of more than thirty (30) days,
2 the lessee of the motor vehicle.

3
4 SECTION 2. Arkansas Code § 26-26-903, concerning the requirement that
5 the owner of property list the property for assessment, is amended to add an
6 additional subsection to read as follows:

7 (c) As used in this section, "owner" means, for purposes of a motor
8 vehicle that is leased pursuant to a contract providing for the use of the
9 motor vehicle by the lessee for a period of more than thirty (30) days, the
10 lessee of the motor vehicle.

11
12 SECTION 3. Arkansas Code § 26-26-1408(a)(1), concerning the time for
13 the assessment and payment of personal property taxes, is amended to read as
14 follows:

15 (a)(1)(A) A taxpayer shall annually assess his or her tangible
16 personal property for ad valorem taxes during the period from January 1
17 through May 31.

18 (B) A taxpayer's tangible personal property includes a
19 motor vehicle that is leased pursuant to a contract providing for the use of
20 the motor vehicle by the taxpayer as the lessee for a period of more than
21 thirty (30) days.

22
23 SECTION 4. Arkansas Code § 27-14-1015(a), concerning the payment of
24 personal property taxes and the listing for assessment required for motor
25 vehicles, is amended to read as follows:

26 (a)(1) The owner of every vehicle subject to registration in Arkansas
27 shall assess the vehicle with the county tax assessor in the county where
28 required by law and within the time required by law.

29 (2) As used in this section, "owner" means, for purposes of a
30 vehicle that is leased pursuant to a contract providing for the use of the
31 vehicle by the lessee for a period of more than thirty (30) days, the lessee
32 of the vehicle.

33
34 SECTION 5. Arkansas Code § 26-73-301(a), concerning the limitation on
35 the levy of a local sales or use tax, is amended to read as follows:

36 (a)(1) Any municipal or county sales or use tax levied pursuant to the

1 laws of this state shall be levied and collected only on the first two
 2 thousand five hundred dollars (\$2,500) of gross receipts, gross proceeds, or
 3 sales price on the sale of a:

- 4 ~~(1)~~(A) Motor vehicle;
- 5 ~~(2)~~(B) Aircraft;
- 6 ~~(3)~~(C) Watercraft;
- 7 ~~(4)~~(D) Modular home;
- 8 ~~(5)~~(E) Manufactured home; and
- 9 ~~(6)~~(F) Mobile home.

10 (2) If a sale or lease subject to subdivision (a)(1) of this
 11 section involves periodic payments, the applicable sales and use tax shall
 12 be:

13 (A) For the purpose of determining the application of the
 14 limitation provided under subdivision (a)(1) of this section, applied to the
 15 aggregate amount of all periodic payments due on the sale or lease; and

16 (B) Collected:

17 (i) On the first periodic payment due on the sale or
 18 lease; or

19 (ii) Evenly distributed and collected on each
 20 separate periodic payment due on the sale or lease.

21
 22 SECTION 6. Arkansas Code § 26-74-220(a), concerning the maximum tax
 23 limitation on the levy of a county sales and use tax for capital
 24 improvements, is amended to add an additional subdivision to read as follows:

25 (3) If a sale or lease subject to subdivision (a)(1) of this
 26 section involves periodic payments, the applicable sales and use tax shall
 27 be:

28 (A) For the purpose of determining the application of the
 29 limitation provided under subdivision (a)(1) of this section, applied to the
 30 aggregate amount of all periodic payments due on the sale or lease; and

31 (B) Collected:

32 (i) On the first periodic payment due on the sale or
 33 lease; or

34 (ii) Evenly distributed and collected on each
 35 separate periodic payment due on the sale or lease.

36

1 SECTION 7. Arkansas Code § 26-74-320(a), concerning the maximum tax
2 limitation on the levy of a county sales tax for capital improvements, is
3 amended to add an additional subdivision to read as follows:

4 (3) If a sale or lease subject to subdivision (a)(1) of this
5 section involves periodic payments, the applicable sales and use tax shall
6 be:

7 (A) For the purpose of determining the application of the
8 limitation provided under subdivision (a)(1) of this section, applied to the
9 aggregate amount of all periodic payments due on the sale or lease; and

10 (B) Collected:

11 (i) On the first periodic payment due on the sale or
12 lease; or

13 (ii) Evenly distributed and collected on each
14 separate periodic payment due on the sale or lease.

15
16 SECTION 8. Arkansas Code § 26-74-412(a)(1), concerning the maximum tax
17 limitation on the levy of a county sales and use tax for counties without an
18 existing tax, is amended to add an additional subdivision to read as follows:

19 (C) If a sale or lease subject to subdivision (a)(1)(A) of
20 this section involves periodic payments, the applicable sales and use tax
21 shall be:

22 (i) For the purpose of determining the application
23 of the limitation provided under subdivision (a)(1)(A) of this section,
24 applied to the aggregate amount of all periodic payments due on the sale or
25 lease; and

26 (ii) Collected:

27 (a) On the first periodic payment due on the
28 sale or lease; or

29 (b) Evenly distributed and collected on each
30 separate periodic payment due on the sale or lease.

31
32 SECTION 9. Arkansas Code § 26-74-612(a), concerning the maximum tax
33 limitation on the levy of a county sales and use tax for capital
34 improvements, is amended to add an additional subdivision to read as follows:

35 (3) If a sale or lease subject to subdivision (a)(1) of this
36 section involves periodic payments, the applicable sales and use tax shall

1 be:

2 (A) For the purpose of determining the application of the
 3 limitation provided under subdivision (a)(1) of this section, applied to the
 4 aggregate amount of all periodic payments due on the sale or lease; and

5 (B) Collected:

6 (i) On the first periodic payment due on the sale or
 7 lease; or

8 (ii) Evenly distributed and collected on each
 9 separate periodic payment due on the sale or lease.

10

11 SECTION 10. Arkansas Code § 26-75-222(a), concerning the maximum tax
 12 limitation on the levy of a municipal sales and use tax for capital
 13 improvements, is amended to add an additional subdivision to read as follows:

14 (3) If a sale or lease subject to subdivision (a)(1) of this
 15 section involves periodic payments, the applicable sales and use tax shall
 16 be:

17 (A) For the purpose of determining the application of the
 18 limitation provided under subdivision (a)(1) of this section, applied to the
 19 aggregate amount of all periodic payments due on the sale or lease; and

20 (B) Collected:

21 (i) On the first periodic payment due on the sale or
 22 lease; or

23 (ii) Evenly distributed and collected on each
 24 separate periodic payment due on the sale or lease.

25

26 SECTION 11. Arkansas Code § 26-75-319(a), concerning the maximum tax
 27 limitation on the levy of a municipal sales tax for capital improvements, is
 28 amended to add an additional subdivision to read as follows:

29 (3) If a sale or lease subject to subdivision (a)(1) of this
 30 section involves periodic payments, the applicable sales and use tax shall
 31 be:

32 (A) For the purpose of determining the application of the
 33 limitation provided under subdivision (a)(1) of this section, applied to the
 34 aggregate amount of all periodic payments due on the sale or lease; and

35 (B) Collected:

36 (i) On the first periodic payment due on the sale or

1 lease; or

2 (ii) Evenly distributed and collected on each
 3 separate periodic payment due on the sale or lease.

4

5 SECTION 12. Arkansas Code § 26-81-104(a)(2), concerning the amount of
 6 the tax levied under the Multicounty Airport and Riverport Financing Act, is
 7 amended to read as follows:

8 (2)(A) Any tax levied pursuant to this chapter shall be levied
 9 and collected only on the first two thousand five hundred dollars (\$2,500) of
 10 gross receipts, gross proceeds, or sales price from the sale of a:

- 11 (i) Motor vehicle;
- 12 (ii) Aircraft;
- 13 (iii) Watercraft;
- 14 (iv) Modular home;
- 15 (v) Manufactured home; or
- 16 (vi) Mobile home.

17 (B) A vendor shall be responsible for collecting and
 18 remitting the tax only on the first two thousand five hundred dollars
 19 (\$2,500) of gross receipts, gross proceeds, or sales price from the sale of
 20 a:

- 21 (i) Motor vehicle;
- 22 (ii) Aircraft;
- 23 (iii) Watercraft;
- 24 (iv) Modular home;
- 25 (v) Manufactured home; or
- 26 (vi) Mobile home.

27 (C) If a sale or lease subject to subdivision (a)(2)(A) of
 28 this section involves periodic payments, the applicable sales and use tax
 29 shall be:

30 (i) For the purpose of determining the application
 31 of the limitation provided under subdivision (a)(2)(A) of this section,
 32 applied to the aggregate amount of all periodic payments due on the sale or
 33 lease; and

34 (ii) Collected:
 35 (a) On the first periodic payment due on the
 36 sale or lease; or

1 (b) Evenly distributed and collected on each
 2 separate periodic payment due on the sale or lease.

3 (D) A vendor collecting, reporting, and remitting the
 4 county sales or use taxes shall show county taxes as a separate entry on the
 5 tax report form.

6
 7 SECTION 13. Arkansas Code § 26-82-115(a), concerning the maximum tax
 8 limitation on the levy of a sales and use tax under the Local Sales and Use
 9 Tax Economic Development Project Funding Act, is amended to read as follows:

10 (a)(1) A sales and use tax levied under this chapter shall be levied
 11 and collected only on the first two thousand five hundred dollars (\$2,500) of
 12 gross receipts, gross proceeds, or sales price on the sale of:

- 13 ~~(1)~~(A) Motor vehicles;
- 14 ~~(2)~~(B) Aircraft;
- 15 ~~(3)~~(C) Watercraft;
- 16 ~~(4)~~(D) Modular homes;
- 17 ~~(5)~~(E) Manufactured homes; or
- 18 ~~(6)~~(F) Mobile homes.

19 (2) If a sale or lease subject to subdivision (a)(1) of this
 20 section involves periodic payments, the applicable sales and use tax shall
 21 be:

22 (A) For the purpose of determining the application of the
 23 limitation provided under subdivision (a)(1) of this section, applied to the
 24 aggregate amount of all periodic payments due on the sale or lease; and

25 (B) Collected:

26 (i) On the first periodic payment due on the sale or
 27 lease; or

28 (ii) Evenly distributed and collected on each
 29 separate periodic payment due on the sale or lease.

30
 31 SECTION 14. DO NOT CODIFY. Effective dates.

32 (a) Sections 1-4 of this act are effective for assessment years
 33 beginning on or after January 1, 2025.

34 (b) Sections 5-13 of this act are effective on the first day of the
 35 calendar quarter following the effective date of this act.

36