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2 95th General Assembly
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4

As Engrossed: H4/8/25

A Bill

HOUSE BILL 1968

5 By: Representatives Perry, Brooks, Joey Carr, Hawk, R. Scott Richardson
6 *By: Senator M. Johnson*
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE COLLECTION OF
10 SALES AND USE TAXES ON NEW OR USED MOTOR VEHICLES,
11 TRAILERS, AND SEMITRAILERS, AS AFFIRMED BY REFERRED
12 ACT 19 OF 1958; TO REQUIRE THE COLLECTION OF SALES
13 TAX AT THE POINT OF SALE FOR THE SALE OF A NEW OR
14 USED MOTOR VEHICLE, TRAILER, OR SEMITRAILER BY A
15 DEALER; AND FOR OTHER PURPOSES.
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Subtitle

19 TO REQUIRE THE COLLECTION OF SALES TAX
20 AT THE POINT OF SALE FOR THE SALE OF A
21 NEW OR USED MOTOR VEHICLE, TRAILER, OR
22 SEMITRAILER BY A DEALER; AND TO AMEND
23 LAW AFFIRMED BY REFERRED ACT 19 OF 1958.
24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code § 14-164-333(a)(2)(B), concerning local sales
28 and use taxes for capital improvement bonds, is amended to read as follows:

29 (B) The tax levied in this subchapter on new and used
30 motor vehicles shall be collected ~~by the secretary directly from the~~
31 ~~purchaser~~ in the manner prescribed in § 26-52-510.
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33 SECTION 2. Arkansas Code § 26-52-510(a)(1) and (2), as affirmed by
34 Referred Act 19 of 1958 and concerning the payment of sales tax on the sale
35 of new and used motor vehicles, trailers, or semitrailers, are amended to
36 read as follows:



1 (a)(1)(A) On or before the time for registration as prescribed by §
2 27-14-903(a), a consumer shall pay to the Secretary of the Department of
3 Finance and Administration the tax levied by this chapter and all other gross
4 receipts taxes levied by the state with respect to the sale by a person other
5 than a dealer of a new or used motor vehicle, trailer, or semitrailer
6 required to be licensed in this state, instead of the taxes being collected
7 by the ~~dealer or~~ seller.

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

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

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

21 (C)(i)(a) When a used motor vehicle, trailer, or
22 semitrailer is sold by a consumer, rather than traded-in as a credit or part
23 payment on the sale of a new or used motor vehicle, trailer, or semitrailer,
24 and the consumer subsequently purchases a new or used vehicle, trailer, or
25 semitrailer 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 the state
27 shall be paid on the net difference between the total consideration for the
28 new or used vehicle, trailer, or semitrailer purchased subsequently and the
29 amount received from the sale of the used vehicle, trailer, or semitrailer
30 sold in lieu of a trade-in.

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

33 (1) Shall pay the tax due on the total
34 consideration for the new or used motor vehicle, trailer or semitrailer
35 without taking the deduction provided under subdivision (b)(1)(C)(i)(a) of
36 this section; and

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

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

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

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

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

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

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

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

34 (ii) The vehicle shall be considered a used motor
35 vehicle which shall be registered and titled, and tax shall be paid at the
36 time of ~~registration~~ the sale.

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

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

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

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

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

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

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(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