

Stricken language would be deleted from and underlined language would be added to present law.  
Act 1164 of the Regular Session

State of Arkansas  
89th General Assembly  
Regular Session, 2013

As Engrossed: S3/25/13 S3/28/13

# A Bill

SENATE BILL 688

By: Senator Teague

## For An Act To Be Entitled

AN ACT TO AMEND THE TAX APPLICABLE TO LONG-TERM RENTALS OF VEHICLES; TO REQUIRE THAT THE LONG-TERM RENTAL VEHICLE TAX BE PAID ON EACH RENTAL; TO LOWER THE THRESHOLD FOR THE EXPIRATION OF THE LONG-TERM RENTAL VEHICLE TAX; AND FOR OTHER PURPOSES.

## Subtitle

TO AMEND THE TAX APPLICABLE TO LONG-TERM RENTALS OF VEHICLES; TO REQUIRE THAT THE LONG-TERM RENTAL VEHICLE TAX BE PAID ON EACH RENTAL; AND TO LOWER THE THRESHOLD FOR THE EXPIRATION OF THE LONG-TERM RENTAL VEHICLE TAX.

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

*SECTION 1. Arkansas Code § 26-52-103(19)(D)(ii), concerning the definition of "sale" under the Arkansas Gross Receipts Act of 1941, is amended to read as follows:*

*(ii)(a) ~~In~~ Except as provided in subdivision (19)(D)(ii)(b) of this section, in the case of a lease or rental of tangible personal property, including motor vehicles and trailers for thirty (30) days or more, the tax shall be paid on the basis of rental or lease payments made to the lessor of the tangible personal property during the term of the lease or rental unless Arkansas gross receipts tax or compensating use tax was paid by the lessor at the time of the purchase of the tangible personal property.*

*(b) In the case of a lease or rental of a*



motor vehicle for thirty (30) days or more, the tax shall be paid on the basis of rental or lease payments made to the lessor of the motor vehicle during the term of the lease or rental;

SECTION 2. Arkansas Code § 26-63-102(9)(D)(ii), concerning the definition of "sale" in relation to Arkansas special excise taxes, is amended to read as follows:

(ii)(a) ~~In~~ Except as provided in subdivision (9)(D)(ii)(b) of this section, in the case of a lease or rental of tangible personal property, including motor vehicles and trailers for thirty (30) days or more, the tax shall be paid on the basis of rental or lease payments made to the lessor of the tangible personal property during the term of the lease or rental unless Arkansas gross receipts tax or compensating use tax was paid by the lessor at the time of the purchase of the tangible personal property.

(b) In the case of a lease or rental of a motor vehicle for thirty (30) days or more, the tax shall be paid on the basis of rental or lease payments made to the lessor of the motor vehicle during the term of the lease or rental;

SECTION 3. Arkansas Code § 26-63-304(a) and (b), concerning the long-term rental vehicle tax, are amended to read as follows:

(a)(1) In addition to the gross receipts tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the compensating use tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., there is levied a long-term rental vehicle tax at the rate of one and five-tenths percent (1.5%) on the gross receipts or gross proceeds derived from a rental of a motor vehicle required to be licensed and that is leased for a period of thirty (30) days or more.

(2) The gross receipts or gross proceeds derived from the rental described in subdivision (a)(1) of this section ~~is~~ are taxable ~~only if~~ regardless of whether the gross receipts tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., or the compensating use tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., was ~~not~~ paid at the time of registration.

(b) If the Chief Fiscal Officer of the State certifies that ~~ten~~ three percent (3%) or more of all new motor vehicles registered

in Arkansas during a calendar year are leased vehicles based on information and statistics from a reliable source, such as R.L. Polk & Co., then the long-term rental vehicle tax shall expire on June 30 of the fiscal year following the calendar year for which the certification is made.

SECTION 4. *EFFECTIVE DATE. Sections 1 through 3 of this act are effective on the first day of the calendar quarter following the effective date of this act.*

*/s/Teague*

**APPROVED: 04/12/2013**