

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
93rd General Assembly  
Regular Session, 2021

# A Bill

SENATE BILL 9

By: Senator G. Stubblefield

## For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING TAXES AND FEES  
APPLICABLE TO CAR WASH OPERATORS; TO REPEAL THE FEE  
LEVIED ON CAR WASH OPERATORS BASED ON WATER USAGE;  
AND FOR OTHER PURPOSES.

## Subtitle

TO AMEND THE LAW CONCERNING TAXES AND  
FEES APPLICABLE TO CAR WASH OPERATORS;  
AND TO REPEAL THE FEE LEVIED ON CAR WASH  
OPERATORS BASED ON WATER USAGE.

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

SECTION 1. Arkansas Code § 26-52-401(41)(B), concerning the sales tax exemption for property and services sold to a car wash operator and ancillary services sold by a car wash operator, is amended to read as follows:

(B) As used in this subdivision (41):

(i)(a) "Ancillary service" means a service provided by a car wash operator in conjunction with the sale of a service through an automatic car wash, a car wash tunnel, or a self-service bay that involves the cleaning of the interior or exterior, or both, of a motor vehicle.

(b) "Ancillary service" includes without limitation:

- (1) Hand prepping any portion of a motor vehicle;
- (2) Vacuuming;
- (3) Hand drying any portion of a motor



vehicle;

(4) Waxing any portion of a motor

vehicle;

(5) Hand cleaning any portion of a motor

vehicle; and

(6) Applying a protective or shine coat

to any portion of a motor vehicle;

(ii) "Automatic car wash" means ~~the same as defined in § 26-57-1601~~ a car wash bay that provides a car wash using mechanical equipment that cleans the motor vehicle while the motor vehicle remains stationary;

(iii) "Car wash operator" means a person that operates one (1) or more automatic car washes, car wash tunnels, self-service bays, or any combination of automatic car washes, car wash tunnels, and self-service bays;

(iv) "Car wash tunnel" means ~~the same as defined in § 26-57-1601~~ a car wash bay that provides a fully automated car wash in which the motor vehicle is moved through a tunnel by a conveyor system; and

(v) "Self-service bay" means ~~the same as defined in § 26-57-1601~~ a car wash bay that allows a person to manually wash a motor vehicle using equipment and supplies provided by the car wash operator.

SECTION 2. Arkansas Code Title 26, Chapter 57, Subchapter 16, is repealed.

~~Subchapter 16 — Car Washes~~

~~26-57-1601. Definitions.~~

~~As used in this subchapter:~~

~~(1) "Automatic car wash" means a car wash bay that provides a car wash using mechanical equipment that cleans the motor vehicle while the motor vehicle remains stationary;~~

~~(2) "Car wash tunnel" means a car wash bay that provides a fully automated car wash in which the motor vehicle is moved through a tunnel by a conveyor system; and~~

~~(3) "Public water system" means a water system subject to regulation under the Safe Drinking Water Act, 42 U.S.C. § 300f, as existing~~

~~on January 1, 2019, which is owned by a municipal corporation, a governmental corporation, or a nonprofit corporation, including without limitation:~~

- ~~(A) A municipality;~~
- ~~(B) A public facilities board;~~
- ~~(C) A public water authority;~~
- ~~(D) A water association;~~
- ~~(E) A regional water distribution district;~~
- ~~(F) A rural development authority;~~
- ~~(G) A sanitation authority;~~
- ~~(H) An improvement district;~~
- ~~(I) A regional wastewater treatment district; or~~
- ~~(J) A consolidated waterworks.~~

~~26-57-1602. Registration.~~

~~(a) A person that is entitled to claim a sales and use tax exemption under § 26-52-401(4) shall pay the fee required under § 26-57-1603 in lieu of paying the sales tax under the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the compensating use tax under the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq., on the exempt products and services.~~

~~(b) A car wash operator that is required to pay a fee under § 26-57-1603 shall register electronically with the Secretary of the Department of Finance and Administration before an automatic car wash or a car wash tunnel is made available for commercial use.~~

~~(c) The electronic registration form provided for in this section shall:~~

- ~~(1) Be in the form prescribed by the secretary; and~~
- ~~(2) Contain the information required by rules adopted by the secretary to implement this subchapter.~~

~~26-57-1603. Fees.~~

~~(a) A car wash operator that uses water from a public water system shall pay to the Secretary of the Department of Finance and Administration the following fee by the twentieth day of each month:~~

~~(1) For car wash tunnels, the car wash operator shall calculate the monthly fee due under this subsection as follows:~~

- ~~(A) Multiply by eight tenths (0.8) the total aggregate~~

~~number of gallons of water the car wash operator used during the preceding month for all of the car wash operator's car wash tunnels; and~~

~~(B) Multiply the product obtained under subdivision (a)(1)(A) of this section by four tenths of one cent (0.4¢); and~~

~~(2) For automatic car washes, the car wash operator shall calculate the monthly fee due under this subsection as follows:~~

~~(A) Multiply by eight tenths (0.8) the total aggregate number of gallons of water the car wash operator used during the preceding month for all of the car wash operator's automatic car washes; and~~

~~(B) Multiply the product obtained under subdivision (a)(2)(A) of this section by two tenths of one cent (0.2¢).~~

~~(b) A car wash operator shall pay the fees required under this section electronically in the form and method prescribed by the Department of Finance and Administration.~~

~~26-57-1604. Distribution of revenues.~~

~~All revenue collected under this subchapter shall be general revenues and shall be deposited into the State Treasury to the credit of the State Apportionment Fund.~~

~~26-57-1605. Administration—Rules.~~

~~(a)(1) Each fee levied under this subchapter is a state tax as that term is defined in the Arkansas Tax Procedure Act, § 26-18-101 et seq.~~

~~(2) The Arkansas Tax Procedure Act, § 26-18-101 et seq., so far as is practicable, is applicable to the fees levied under this subchapter and to the reporting, remitting, and enforcement of the fees.~~

~~(b) The Secretary of the Department of Finance and Administration shall adopt rules to implement and administer this subchapter.~~

SECTION 3. EFFECTIVE DATE. Sections 1 and 2 of this act are effective on the first day of the calendar quarter following the effective date of this act.