

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

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: S4/9/25

A Bill

HOUSE BILL 1960

By: Representative Wardlaw

By: Senator Stone

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE APPLICATION OF CERTAIN TAXES TO LEASED MOTOR VEHICLES; TO AMEND THE LAW CONCERNING THE ASSESSMENT AND PAYMENT OF PERSONAL PROPERTY TAXES ON CERTAIN LEASED MOTOR VEHICLES; TO PROVIDE THAT THE LESSEE OF A LEASED MOTOR VEHICLE IS THE OWNER OF THE LEASED MOTOR VEHICLE FOR PURPOSES OF THE ASSESSMENT AND PAYMENT OF PROPERTY TAXES; TO AMEND THE LAW CONCERNING THE MAXIMUM TAX LIMITATION ON THE LEVY OF LOCAL SALES AND USE TAXES ON SALES OF CERTAIN TANGIBLE PERSONAL PROPERTY; AND FOR OTHER PURPOSES.

Subtitle

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) Collected:

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

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

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

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

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

(B) Collected:

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

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

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

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

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

(B) Collected:

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

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

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

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

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

(ii) Collected:

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

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

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

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

be:

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

(B) Collected:

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

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

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

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

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

(B) Collected:

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

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

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

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

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

(B) Collected:

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

lease; or

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

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

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

- (i) Motor vehicle;
- (ii) Aircraft;
- (iii) Watercraft;
- (iv) Modular home;
- (v) Manufactured home; or
- (vi) Mobile home.

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

- (i) Motor vehicle;
- (ii) Aircraft;
- (iii) Watercraft;
- (iv) Modular home;
- (v) Manufactured home; or
- (vi) Mobile home.

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

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

(ii) Collected:

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

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

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

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

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

- <1>(A) Motor vehicles;
- <2>(B) Aircraft;
- <3>(C) Watercraft;
- <4>(D) Modular homes;
- <5>(E) Manufactured homes; or
- <6>(F) Mobile homes.

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

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

(B) Collected:

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

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

SECTION 14. DO NOT CODIFY. Effective dates.

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

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

/s/Wardlaw