

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

A Bill

SENATE BILL 49

5 By: Senator J. Boyd
6 By: Representative L. Johnson
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE SALES AND USE
10 TAX APPLICABLE TO PURCHASES OF NEW OR USED MOTOR
11 VEHICLES, TRAILERS, SEMITRAILERS, AND MOTORBOATS; TO
12 AMEND THE LAW CONCERNING THE COLLECTION OF SALES AND
13 USE TAX ON MOTOR VEHICLES, TRAILERS, SEMITRAILERS,
14 AND MOTORBOATS; TO SUBJECT CERTAIN USED MOTORBOATS TO
15 A SPECIAL RATE OF TAX; AND FOR OTHER PURPOSES.
16
17

Subtitle

18 TO AMEND THE LAW CONCERNING THE SALES
19 AND USE TAX APPLICABLE TO PURCHASES OF
20 NEW OR USED MOTOR VEHICLES, TRAILERS,
21 SEMITRAILERS, AND MOTORBOATS; AND TO
22 SUBJECT CERTAIN USED MOTORBOATS TO A
23 SPECIAL RATE OF TAX.
24
25

26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
27

28 SECTION 1. Arkansas Code § 26-52-324 is amended to read as follows:

29 26-52-324. Special tax rate for certain used motor vehicles,
30 motorboats, trailers, and semitrailers.

31 (a) In lieu of the gross receipts or gross proceeds taxes levied under
32 §§ 26-52-301 and 26-52-302, there is levied an excise tax on the gross
33 receipts or gross proceeds derived from the sale of ~~a used motor vehicle,~~
34 ~~trailer, or semitrailer that has a sales price of at least four thousand~~
35 ~~dollars (\$4,000) but less than ten thousand dollars (\$10,000) the following~~
36 at the rate of two and eight hundred seventy-five thousandths percent



1 (2.875%):

2 (1) A used motor vehicle that has a sales price of at least ten
3 thousand dollars (\$10,000) but less than fifteen thousand dollars (\$15,000);
4 and

5 (2) A used motorboat, trailer, or semitrailer that has a sales
6 price of at least four thousand dollars (\$4,000) but less than ten thousand
7 dollars (\$10,000).

8 (b) The tax levied in this section shall be in addition to:

9 (1) Any gross receipts or gross proceeds tax levied in the
10 Arkansas Constitution;

11 (2) Any gross receipts or gross proceeds tax levied by a
12 municipality or county; and

13 (3) Any additional gross receipts or gross proceeds tax levied
14 in an Arkansas city and resulting from an election within that city conducted
15 in accordance with §§ 26-52-601 – 26-52-606.

16 (c) For the purpose of determining whether the tax levied by this
17 section applies to the sale of a used motor vehicle, motorboat, trailer, or
18 semitrailer, the sales price for the used motor vehicle, motorboat, trailer,
19 or semitrailer shall not be reduced by:

20 (1) The value of a motor vehicle, motorboat, trailer or
21 semitrailer traded in as part payment on the purchase price of the newly
22 acquired motor vehicle, motorboat, trailer, or semitrailer; or

23 (2) The amount received by the purchaser for the sale of another
24 motor vehicle, motorboat, trailer, or semitrailer.

25 (d) The revenues generated by the tax levied under this section shall
26 be distributed as follows:

27 (1) Seventy-six and six-tenths percent (76.6%) of the taxes,
28 interest, penalties, and costs received by the Secretary of the Department of
29 Finance and Administration under this section shall be deposited as general
30 revenues;

31 (2) Eight and five-tenths percent (8.5%) of the taxes, interest,
32 penalties, and costs received by the secretary under this section shall be
33 deposited into the Property Tax Relief Trust Fund; and

34 (3) Fourteen and nine-tenths percent (14.9%) of the taxes,
35 interest, penalties, and costs received by the secretary under this section
36 shall be deposited into the Educational Adequacy Fund.

1 (e) The excise tax levied under this section shall be collected and
2 paid in the same manner and at the same time as is prescribed in:

3 (1) § 26-52-510 for the collection and payment of gross
4 receipts taxes on motor vehicles, trailers, and semitrailers; and

5 (2) § 26-52-524 for the collection and payment of gross receipts
6 and taxes on motorboats.

7 (f) As used in this section, "motorboat" means the same as defined in
8 § 27-101-103.

9
10 SECTION 2. Arkansas Code § 26-52-510(b)(1)(B), concerning the direct
11 payment of sales tax by consumer-users on new and used motor vehicles,
12 trailers, or semitrailers, is amended to read as follows:

13 (B)(i)(a) If the total consideration for the sale of the
14 ~~new or used~~ motor vehicle, or the new or used trailer, or semitrailer is less
15 than four thousand dollars (\$4,000), no tax is due.

16 (b) If the total consideration for the sale of
17 the used motor vehicle is less than ten thousand dollars (\$10,000), no tax is
18 due.

19 (c) If the total consideration for the sale of
20 a new motor vehicle, trailer, or semitrailer is four thousand dollars
21 (\$4,000) or more, the full gross receipts tax rate levied under this chapter
22 shall be levied and collected.

23 (ii) If the total consideration for the sale of a
24 ~~used motor vehicle,~~ trailer, or semitrailer is at least four thousand dollars
25 (\$4,000) but less than ten thousand dollars (\$10,000), the gross receipts tax
26 due shall be determined under § 26-52-324.

27 (iii) If the total consideration for the sale of a
28 ~~used motor vehicle,~~ trailer, or semitrailer is ten thousand dollars (\$10,000)
29 or more+,

30 ~~(a) The exemption under subdivision~~
31 ~~(b)(1)(B)(i)(a) of this section does not apply;~~

32 ~~(b) The special tax rate provided in § 26-52-~~
33 ~~324 does not apply; and~~

34 ~~(c) The the full gross receipts tax rate~~
35 levied under this chapter shall be levied and collected.

36 (iv) If the total consideration for the sale of the

1 used motor vehicle is at least ten thousand dollars (\$10,000) but less than
2 fifteen thousand dollars (\$15,000), the gross receipts tax due shall be
3 determined under §26-52-324.

4 (v) If the total consideration for the sale of the
5 used motor vehicle is fifteen thousand dollars (\$15,000) or more, the full
6 gross receipts tax rate levied under this chapter shall be levied and
7 collected.

8
9 SECTION 3. Arkansas Code Title 26, Chapter 52, Subchapter 5, is
10 amended to add an additional section to read as follows:

11 26-52-524. Direct payment of tax by consumer-user – New and used
12 motorboats – Definition.

13 (a) As used in this section, "motorboat" means the same as defined in
14 § 27-101-103.

15 (b)(1) On or before the time for applying for a certificate of number
16 as prescribed by § 27-101-304, a consumer shall pay to the Secretary of the
17 Department of Finance and Administration the tax levied by this chapter and
18 all other gross receipts taxes levied by the state with respect to the sale
19 of a new or used motorboat required to be numbered in this state, instead of
20 the taxes being collected by the dealer or seller.

21 (2) The secretary shall require the payment of the taxes at the
22 time of registration before issuing a certificate of number for the new or
23 used motorboat.

24 (3)(A) The taxes apply regardless of whether the motorboat is
25 sold by a motorboat dealer or an individual, corporation, or partnership not
26 licensed as a motorboat dealer.

27 (B) The exemption in § 26-52-401(17) for isolated sales
28 does not apply to the sale of a motorboat.

29 (4) If the consumer fails to pay the taxes when due:

30 (A) There is assessed a penalty equal to ten percent (10%)
31 of the amount of taxes due; and

32 (B) The consumer shall pay to the secretary the penalty
33 under subdivision (b)(4)(A) of this section and the taxes due before the
34 secretary issues a certificate of number for the motorboat.

35 (c)(1)(A) Except as provided in this section, when a used motorboat is
36 taken in trade as a credit or part payment on the sale of a new or used

1 motorboat, the tax levied by this chapter and all other gross receipts taxes
2 levied by the state shall be paid on the net difference between the total
3 consideration for the new or used motorboat sold and the credit for the used
4 motorboat taken in trade.

5 (B)(i)(a) If the total consideration for the sale of the
6 new or used motorboat is less than four thousand dollars (\$4,000), no tax is
7 due.

8 (b) If the total consideration for the sale of
9 a new motorboat is four thousand dollars (\$4,000) or more, the full gross
10 receipts tax rate levied under this chapter shall be levied and collected.

11 (ii) If the total consideration for the sale of a
12 used motorboat is at least four thousand dollars (\$4,000) but less than ten
13 thousand dollars (\$10,000), the gross receipts tax due shall be determined
14 under § 26-52-324.

15 (iii) If the total consideration for the sale of a
16 used motorboat is ten thousand dollars (\$10,000) or more, the full gross
17 receipts tax rate levied under this chapter shall be levied and collected.

18 (C)(i) When a used motorboat is sold by a consumer, rather
19 than traded in as a credit or part payment on the sale of a new or used
20 motorboat, and the consumer subsequently purchases a new or used motorboat of
21 greater value within sixty (60) days of the sale, the tax levied by this
22 chapter and all other gross receipts taxes levied by the state shall be paid
23 on the net difference between the total consideration for the new or used
24 motorboat purchased subsequently and the amount received from the sale of the
25 used motorboat sold in lieu of a trade-in.

26 (ii)(a) Upon applying for a certificate of number
27 for the new or used motorboat, a consumer claiming the deduction provided by
28 subdivision (c)(1)(C)(i) of this section shall provide a bill of sale signed
29 by all parties to the transaction which reflects the total consideration paid
30 to the seller for the motorboat.

31 (b) A copy of the bill of sale shall be
32 deposited with the department at the time of applying for a certificate of
33 number for the new or used motorboat.

34 (c) The deduction provided by this section
35 shall not be allowed unless the taxpayer claiming the deduction provides a
36 copy of a bill of sale signed by all parties to the transaction which

1 reflects the total consideration paid to the seller for the motorboat.

2 (iii) If the taxpayer claiming the deduction
3 provided in this section fails to provide a bill of sale signed by all
4 parties to the transaction that reflects the total consideration paid to the
5 seller for the motorboat, tax shall be due on the total consideration paid
6 for the new or used motorboat without any deduction for the value of the item
7 sold.

8 (2)(A)(i) When a motorboat dealer removes a motorboat from its
9 inventory and the motorboat is used by the dealership as a service motorboat,
10 the dealer shall obtain a certificate of number, register and obtain a
11 certificate of title, and pay sales tax on the listed retail price of the new
12 motorboat.

13 (ii)(a) When the motorboat dealer returns the
14 service motorboat to inventory as a used motorboat and replaces it with a new
15 motorboat for dealership use as a service motorboat, the dealer shall pay
16 sales tax on the difference between the listed retail price of the new
17 service motorboat to be used by the dealership and the value of the used
18 service motorboat being returned to inventory.

19 (b) The value of the used service motorboat
20 shall be the highest listed wholesale price reflected in the most current
21 edition of a publication that is generally accepted by the industry as
22 providing an accurate valuation of used motorboats.

23 (B)(i) As used in this subsection, "service motorboat"
24 means a motorboat driven exclusively by an employee of the dealership and
25 used either to transport dealership customers or dealership parts and
26 equipment.

27 (ii) "Service motorboat" does not include motorboats
28 that are rented by the dealership, used as demonstration motorboats, or used
29 by dealership employees for personal use.

30 (d) All parts and accessories purchased by motorboat sellers for
31 resale or used by motorboat sellers for the reconditioning or rebuilding of
32 used motorboats intended for resale are exempt from gross receipts tax,
33 provided that the motorboat seller meets the requirements of § 26-52-
34 401(12)(A) and applicable rules promulgated by the secretary.

35 (e) This section does not repeal any exemption from this chapter.

36 (f) A credit is not allowed for sales or use taxes paid to another

1 state with respect to the purchase of a motorboat that first obtained a
2 certificate of number or title by the purchaser in Arkansas.

3 (g)(1)(A) A motorboat dealer with a permit under § 27-101-302(5) who
4 has purchased a used motorboat upon payment of all applicable fees may apply
5 for a certificate of number for the motorboat for the sole purpose of
6 obtaining a certificate of title to the motorboat without payment of gross
7 receipts tax, except as provided in subdivision (g)(1)(B) of this section.

8 (B)(i) The sale of a motorboat from the original franchise
9 dealer to any other dealer, person, corporation, or other entity other than a
10 franchise dealer of the same make of motorboat and which sale is reflected on
11 the statement of origin shall be subject to gross receipts tax.

12 (ii) The motorboat shall be considered a used
13 motorboat that shall have a registered certificate of number and be titled,
14 and tax shall be paid at the time of application for a certificate of number.

15 (iii) Subdivision (g)(1)(A) of this section does not
16 apply in the circumstances described in subdivisions (g)(1)(B)(i) and (ii).

17 (2) If a certificate of number is issued for a motorboat under §
18 27-101-302(5)(C), the used motorboat titled by a dealer under this subsection
19 shall not be operated on the waters of this state unless there is displayed
20 on the used motorboat the identifying certificate of number issued under §
21 27-101-302(5)(C).

22 (h)(1) For purposes of this section, the total consideration for a
23 used motorboat shall be presumed to be the greater of the actual sales price
24 as provided on the bill of sale, invoice or financing agreement, or the
25 average loan value price of the motorboat as listed in the most current
26 edition of a publication that is generally accepted by the industry as
27 providing an accurate valuation of used motorboats.

28 (2) If the published loan value exceeds the invoiced price, the
29 taxpayer shall establish to the secretary's satisfaction that the price
30 reflected on the invoice or other document is true and correct.

31 (3) If the secretary determines that the invoiced price is not
32 the actual selling price of the motorboat, the total consideration will be
33 deemed to be the published loan value.

34
35 SECTION 4. Arkansas Code § 26-53-126(b)(2), concerning the
36 compensating use tax on new and used motor vehicles, trailers, or

1 semitrailers, is amended to read as follows:

2 (2)(A)(i) If the total consideration for the sale of the new ~~or~~
3 ~~used~~ motor vehicle, or the new or used trailer, or semitrailer is less than
4 four thousand dollars (\$4,000), no tax is due.

5 (ii) If the total consideration for the sale of the
6 used motor vehicle is less than ten thousand dollars (\$10,000), no tax is
7 due.

8 (iii) If the total consideration for the sale of a
9 new motor vehicle, trailer, or semitrailer is four thousand dollars (\$4,000)
10 or more, the full compensating use tax rate levied under this chapter shall
11 be levied and collected.

12 (B) If the total consideration for the sale of a used
13 ~~motor vehicle~~, trailer, or semitrailer is at least four thousand dollars
14 (\$4,000) but less than ten thousand dollars (\$10,000), the compensating use
15 tax due shall be determined under § 26-53-150.

16 (C) If the total consideration for the sale of a used
17 ~~motor vehicle~~, trailer, or semitrailer is ten thousand dollars (\$10,000) or
18 ~~more,~~

19 ~~(i) The exemption under subdivision (b)(2)(A)(i) of~~
20 ~~this section does not apply;~~

21 ~~(ii) The special tax rate provided in § 26-53-150~~
22 ~~does not apply; and~~

23 ~~(iii) The the full compensating use tax rate levied~~
24 ~~under this chapter shall be levied and collected.~~

25 (D) If the total consideration for the sale of the used
26 motor vehicle is at least ten thousand dollars (\$10,000) but less than
27 fifteen thousand dollars (\$15,000), the compensating use tax due shall be
28 determined under § 26-53-150.

29 (E) If the total consideration for the sale of the used
30 motor vehicle is fifteen thousand dollars (\$15,000) or more, the full
31 compensating use tax rate levied under this chapter shall be levied and
32 collected.

33
34 SECTION 5. Arkansas Code § 26-53-150 is amended to read as follows:

35 26-53-150. Special tax rate for certain used motor vehicles,
36 motorboats, trailers, and semitrailers.

1 (a)(1) In lieu of the compensating use taxes levied under §§ 26-53-106
2 and 26-53-107, there is levied an excise tax for the privilege of storing,
3 using, distributing, or consuming a used motor vehicle, motorboat, trailer,
4 or semitrailer within this state if the sales price ~~of the used motor~~
5 ~~vehicle, trailer, or semitrailer~~ is:

6 (A) For a used motor vehicle, at least ten thousand
7 dollars (\$10,000) but less than fifteen thousand dollars (\$15,000); and

8 (B) For a used motorboat, trailer, or semitrailer, at
9 least four thousand dollars (\$4,000) but less than ten thousand dollars
10 (\$10,000).

11 (2) The excise tax levied under subdivision (a)(1) of this
12 section is levied at the rate of two and eight hundred seventy-five
13 thousandths percent (2.875%) of the sales price of the used motor vehicle,
14 motorboat, trailer, or semitrailer.

15 (b) The tax levied in this section shall be in addition to:

16 (1) Any compensating use tax levied in the Arkansas
17 Constitution;

18 (2) Any compensating use tax levied by a municipality or county;
19 and

20 (3) Any additional compensating use tax levied in an Arkansas
21 city under § 26-52-607.

22 (c) For the purpose of determining whether the tax levied by this
23 section applies to the sale of a used motor vehicle, motorboat, trailer, or
24 semitrailer, the sales price for the used motor vehicle, motorboat trailer,
25 or semitrailer shall not be reduced by:

26 (1) The value of a motor vehicle, motorboat, trailer, or
27 semitrailer traded in as part payment on the purchase price of the newly
28 acquired motor vehicle, motorboat, trailer, or semitrailer; or

29 (2) The amount received by the purchaser for the sale of another
30 motor vehicle, motorboat, trailer, or semitrailer.

31 (d) The revenues generated by the tax levied under this section shall
32 be distributed as follows:

33 (1) Seventy-six and six-tenths percent (76.6%) of the taxes,
34 interest, penalties, and costs received by the Secretary of the Department of
35 Finance and Administration under this section shall be deposited as general
36 revenues;

1 (2) Eight and five-tenths percent (8.5%) of the taxes, interest,
2 penalties, and costs received by the secretary under this section shall be
3 deposited into the Property Tax Relief Trust Fund; and

4 (3) Fourteen and nine-tenths percent (14.9%) of the taxes,
5 interest, penalties, and costs received by the secretary under this section
6 shall be deposited into the Educational Adequacy Fund.

7 (e) The excise tax levied under this section shall be collected and
8 paid in the same manner and at the same time as is prescribed in § 26-53-126
9 for the collection and payment of compensating use taxes on motor vehicles,
10 motorboat, trailers, and semitrailers.

11 (f) As used in this section, "motorboat" means the same as defined in
12 § 27-101-103.

13
14 SECTION 6. Arkansas Code Title 26, Chapter 53, Subchapter 1, is
15 amended to add an additional section to read as follows:

16 26-53-151. Tax on new and used motorboats – Payment and collection –
17 Definition.

18 (a) As used in this section, "motorboat" means the same as defined in
19 § 27-101-103.

20 (b)(1) Upon applying for a certificate of number in this state, a new
21 or used motorboat required to be registered with a certificate of number in
22 this state is subject to the tax levied in this subchapter and all other use
23 taxes levied by the state regardless of whether the motorboat was purchased
24 from a dealer or an individual.

25 (2)(A) On or before the time for applying for a certificate of
26 number as prescribed by § 27-101-304, the person making application for a
27 certificate of number for the motorboat shall pay the taxes to the Secretary
28 of the Department of Finance and Administration instead of the taxes being
29 collected by the dealer or individual seller.

30 (B) The secretary shall collect the taxes before issuing a
31 certificate of number for the motorboat.

32 (3) The exemption in § 26-52-401(17) for isolated sales does not
33 apply to the sale of a motorboat.

34 (4) If the person making application for a certificate of number
35 for a motorboat fails to pay the taxes when due:

36 (A) There is assessed a penalty equal to ten percent (10%)

1 of the amount of taxes due; and

2 (B) The person making application for a certificate of
3 number for a motorboat shall pay to the secretary the penalty under
4 subdivision (b)(4)(A) of this section and the taxes due before the secretary
5 issues a certificate of number for the motorboat.

6 (c)(1) When a used motorboat is taken in trade as a credit or part
7 payment on the sale of a new or used motorboat, the tax levied in this
8 subchapter and all other use taxes levied by the state shall be paid on the
9 net difference between the total consideration for the new or used motorboat
10 sold and the credit for the used motorboat taken in trade.

11 (2)(A)(i) If the total consideration for the sale of the new or
12 used motorboat is less than four thousand dollars (\$4,000), no tax is due.

13 (ii) If the total consideration for the sale of a
14 new motorboat is four thousand dollars (\$4,000) or more, the full
15 compensating use tax rate levied under this chapter shall be levied and
16 collected.

17 (B) If the total consideration for the sale of a used
18 motorboat is at least four thousand dollars (\$4,000) but less than ten
19 thousand dollars (\$10,000), the compensating use tax due shall be determined
20 under § 26-53-150.

21 (C) If the total consideration for the sale of a used
22 motorboat is ten thousand dollars (\$10,000) or more:

23 (i) The exemption under subdivision (c)(2)(A)(i) of
24 this section does not apply;

25 (ii) The special tax rate provided in § 26-53-150
26 does not apply; and

27 (iii) The full compensating use tax rate levied
28 under this chapter shall be levied and collected.

29 (3)(A) When a used motorboat is sold by a consumer, rather than
30 traded in as a credit or part payment on the sale of a new or used motorboat,
31 and the consumer subsequently purchases a new or used motorboat of greater
32 value within sixty (60) days of the sale, the tax levied by this chapter and
33 all other gross receipts taxes levied by the state shall be paid on the net
34 difference between the total consideration for the new or used motorboat
35 purchased subsequently and the amount received from the sale of the used
36 motorboat sold in lieu of a trade-in.

1 (B)(i) Upon applying for a certificate of number for the
2 new or used motorboat, a consumer claiming the deduction provided by
3 subdivision (c)(3)(A) of this section shall provide a bill of sale signed by
4 all parties to the transaction which reflects the total consideration paid to
5 the seller for the motorboat.

6 (ii) A copy of the bill of sale shall be deposited
7 with the department at the time of registration of the new or used motorboat.

8 (iii) The deduction provided by this subdivision
9 (c)(3) shall not be allowed unless the taxpayer claiming the deduction
10 provides a copy of a bill of sale signed by all parties to the transaction
11 that reflects the total consideration paid to the seller for the motorboat.

12 (C) If the taxpayer claiming the deduction provided in
13 this subdivision (c)(3) fails to provide a bill of sale signed by all parties
14 to the transaction that reflects the total consideration paid to the seller
15 for the motorboat, tax shall be due on the total consideration paid for the
16 new or used motorboat without any deduction for the value of the item sold.

17 (d) The tax imposed by this subchapter does not apply to a motorboat
18 to be registered by a bona fide nonresident of this state.

19 (e) This section does not repeal any exemption from this subchapter.

20 (f)(1) Upon payment of all applicable fees, a motorboat dealer with a
21 permit under § 27-101-302(5) who has purchased a used motorboat may apply for
22 a certificate of number for the motorboat for the sole purpose of obtaining a
23 certificate of title to the vehicle without payment of use tax.

24 (2) If a certificate of number is issued for a motorboat under §
25 27-101-302(5)(C), the used motorboat titled by a dealer under this subsection
26 may not be operated on the waters of this state unless there is displayed on
27 the used motorboat the identifying certificate of number issued under § 27-
28 101-302(5)(C).

29 (g)(1) For purposes of this section, the total consideration for a
30 used motorboat shall be presumed to be the greater of the actual sales price
31 as provided on a bill of sale, invoice or financing agreement, or the average
32 loan value of the motorboat as listed in the most current edition of a
33 publication which is generally accepted by the industry as providing an
34 accurate valuation of used motorboats.

35 (2) If the published loan value exceeds the invoiced price, the
36 taxpayer shall establish to the secretary's satisfaction that the price

1 reflected on the invoice or other document is true and correct.

2 (3) If the secretary determines that the invoiced price is not
3 the actual selling price of the motorboat, the total consideration shall be
4 deemed to be the published loan value.

5
6 SECTION 7. EFFECTIVE DATE. Sections 1 through 6 of this act are
7 effective on the first day of the calendar quarter following the effective
8 date of this act.

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