

Summary Statement

Act 1693 of 2005, which went into effect July 1, 2005, requires heavy equipment dealers to place decals on heavy equipment at the time of sale. The Act further provides that persons purchasing heavy equipment from outside Arkansas for storage or use in Arkansas must report and pay the tax to the Department of Finance and Administration to receive a decal or present proof that tax was paid out of state.

On November 15, 2005, the Department of Finance and Administration promulgated Rule 2005-4 for the purpose of implementing Act 1693. Rule 2005-4 defines "heavy equipment" to include "wheel tractors." However, Rule 2005-4 also provides that "heavy equipment" does not include "wheel tractors less than 20HP." This has resulted in much confusion among dealers in determining when a decal must be affixed. This rule created confusion for farm implement dealers with regards to whether the decals were required for farm tractors.

Rule 2006-4 clarifies that farm tractors and small tractors used for gardening, mowing, etc., are not "heavy equipment" for purposes of Act 1693 and no decals are required.