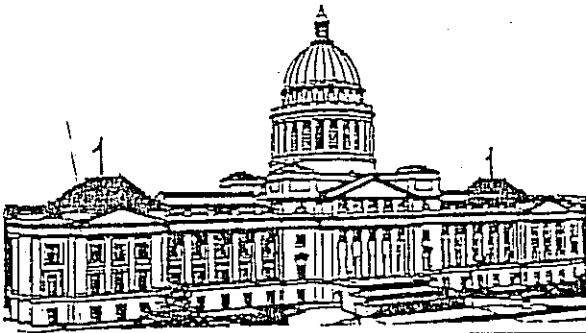


ARKANSAS REGISTER

Transmittal Sheet



Sharon Priest
Secretary of State
State Capitol Rm. 01
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 7/24/97 Code Number 006.05.97-004

Name of Agency Department of Finance & Administration

Department Revenue Division

Contact Person Don Zern Phone 682-7751

Statutory Authority for Promulgating Rules Ark. Code Ann. 26-18-301

	GR-12	Date
Intended Effective Date	Legal Notice Published	Aug. 11-17, 1997
<input checked="" type="checkbox"/> Emergency	Final Date for Public Comment	N/A
<input type="checkbox"/> 10 Days After Filing	Filed With Legislative Council	July 24, 1997
<input type="checkbox"/> Other	Reviewed by Legislative Council	
	Adopted by State Agency	July 24, 1997

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with Act 434 of 1967 As Amended.

Don Zern
Signature

682-7751
Phone Number

Taxpayer Information Officer
Title

July 24, 1997
Date

FILED
ALL INFORMATION DIV.
97 JUL 24 AM 11:55
SHARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

DEPARTMENT: Department of Finance and Administration
DIVISION: Revenue Division
PERSON COMPLETING
THIS STATEMENT: Ed Hicks, Excise Tax Administrator
TELEPHONE NO.: (501) 682-7200
FAX NO.: (501) 682-7900

FINANCIAL IMPACT STATEMENT

To comply with Act 884 of 1995, please complete the following Financial Impact Statement and file with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE: **Gross Receipts Regulation -- GR-12 (Used Motor Vehicles
Registered By Vehicle Dealers.**

1. Does this proposed, amended, or repealed rule or regulation have a financial impact?
Yes: No: **XX**
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation. **Does Not Apply**

1995-96 Fiscal Year

General Revenue: _____
Federal Funds: _____
Cash Funds: _____
Special Revenue: _____
Other: _____
Total: _____

1996-97 Fiscal Year

General Revenue: _____
Federal Funds: _____
Cash Funds: _____
Special Revenue: _____
Other: _____
Total: _____

Does Not Apply

Does Not Apply

4. What is the total estimated cost by fiscal year to any party subject to the, proposed, amended, or repealed rule or regulation? **None**

1997-98 Fiscal Year

None

1998-99 Fiscal Year

None

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

1997-98 Fiscal Year

No additional cost

1998-99 Fiscal Year

No additional cost

FILED
97 JUL 24 AM 11:55
SHARON J. BREST
SECRETARY OF STATE
STATE OF ARKANSAS

**EMERGENCY REGULATION
AMENDED GROSS RECEIPTS REGULATION (GR-12)**

This regulation is necessary in order to properly implement and administer Act 998 of 1997 which becomes effective on August 1, 1997, and to administer Ark. Code Ann. §26-52-510(f).

Arkansas Gross Receipts Regulation GR-12 is amended to add a new section to read as follows:

G. USED MOTOR VEHICLES REGISTERED BY VEHICLE DEALERS


1. Act 998 of 1997 prohibits used motor vehicle dealers from assigning a motor vehicle using the Manufacturer's Statement of Origin (MSO). Used vehicle dealers are required to apply for title and registration to the vehicle before it may be transferred.

2. Ark. Code Ann. §26-52-510(f) permits any motor vehicle dealer who has purchased a used motor vehicle for resale to register the vehicle for the sole purpose of obtaining a certificate of title to the vehicle without payment of gross receipts tax. No license plate is issued with this registration and the vehicle may not be operated upon the highway without a dealer's plate.

3. A used motor vehicle dealer may apply for title and registration to a vehicle which is assigned to the dealer on the vehicle's MSO without payment of gross receipts tax provided that §26-52-510(f) otherwise applies to the transaction.

4. "Used motor vehicle" is defined as any motor vehicle which has previously been sold, bargained, exchanged, given away or the title thereto transferred from the person or corporation who first took title from the manufacturer, importer, dealer, or agent of the manufacturer or importer, or that is so used as to have become which is commonly known as a secondhand or previously owned motor vehicle. In the event of a transfer reflected on the statement of origin (MSO) from the original franchise dealer to any other dealer, individual, or corporation other than a franchise dealer of the same make of vehicle, the vehicle shall be considered a used motor vehicle.

Executed this 24th day of July, 1997.



Richard A. Weiss, Director
Arkansas Department of
Finance and Administration



Tim Leathers, Commissioner of Revenue
Arkansas Department of
Finance and Administration

FILED
ALL OFFICERS DIV.
97 JUL 24 AM 11:56
SHARON HENEST
SECRETARY OF STATE
STATE OF ARKANSAS
BY _____

**FINDING OF IMMINENT PERIL
AND STATEMENT OF REASONS**

During the 81st General Assembly, the Arkansas Legislature passed Act 998 of 1997 prohibiting used motor vehicle dealers from assigning a motor vehicle using the Manufacturer's Statement of Origin (MSO). The law states that used vehicle dealers are required to apply for title and registration to the vehicle before it may be transferred. Arkansas law typically requires that gross receipts or use tax be paid when a motor vehicle is titled or registered in this state. Ark. Code Ann. §26-52-510(f) permits any motor vehicle dealer who has purchased a used motor vehicle for resale to register the vehicle for the sole purpose of obtaining a certificate of title to the vehicle without payment of gross receipts tax.

Without this regulation, there will be confusion among car dealers attempting to comply with Act 998 because they will be unsure whether sales tax is due on the motor vehicles in question. This regulation is needed to prevent confusion over the application of this Act to transactions where motor vehicles are obtained by a used car dealer with an MSO. The provisions of this regulation will become effective on August 1, 1997.