

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB684**

**Bill Subtitle: TO AMEND THE LAWS PERTAINING TO TAXES LEVIED ON TOBACCO PRODUCTS; TO CLARIFY THAT CURRENT LAW IMPOSES AN EXCISE TAX ON ALL TOBACCO PRODUCTS SOLD IN THE STATE; AND TO DECLARE AN EMERGENCY.**

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**Basic Change :** Sponsor: Senator Files

The proposal would amend Arkansas code provisions regarding the taxation of tobacco products. The proposal will clarify that a "wholesaler" includes any entity that sells tobacco products to other wholesalers, vendors, or retailers within the state. The proposal also clarifies that a "manufacturer" includes assemblers, fabricators, processors, and any other entity representing the manufacturer with regard to sale of tobacco products. The current tax rate on sales of tobacco products other than cigarettes is not altered by the proposal nor is the requirement that the tax be paid by wholesalers and retailers. The proposal clarifies the code text regarding payment of the additional excise tax on Other Tobacco Products based on the first sale of the products within the state to licensed wholesalers, vendors, or retailers. Subsequent sales of Other Tobacco Products within the state will not be subject to this additional excise tax on Other Tobacco Products. If Other Tobacco Products are purchased outside the state and directly sold to end customers at retail in the state, the bill provides for payment of the additional excise tax based on the first possession of those products within the state. The proposal has an emergency clause and will be effective upon signature by the Governor.

**Revenue Impact :**

None

**Taxpayer Impact :**

None

**Resources Required :**

None

**Time Required :**

None

**Procedural Changes :**

None

**Legal Analysis :**

SB684 clarifies certain provisions of the excise tax on tobacco products other than cigarettes to address industry concerns. SB684 does not alter the rate of tax or how the tax is imposed. The bill contains an emergency clause for the bill to be effective immediately upon passage and approval.