

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1008

By: Representative Lendall

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 26-57-203 TO ADD SMOKELESS CIGARETTES TO THE DEFINITION OF 'TOBACCO PRODUCTS'; TO AMEND ARKANSAS CODE 26-57-208 TO INCREASE THE EXCISE TAXES ON CIGARETTES AND OTHER TOBACCO PRODUCTS FROM TEN DOLLARS AND FIFTY CENTS (\$10.50) TO FIFTEEN DOLLARS AND FIFTY CENTS (\$15.50) PER ONE THOUSAND (1,000) CIGARETTES AND FROM SIXTEEN PERCENT (16%) TO TWENTY PERCENT (20%) OF THE MANUFACTURER'S WHOLESALE PRICE TO TOBACCO PRODUCTS OTHER THAN CIGARETTES; TO AMEND ARKANSAS CODE 26-57-801 TO INCREASE THE EXCISE TAX ON CIGARETTE PAPERS FROM TWENTY-FIVE CENTS (25_) TO THIRTY CENTS (30_) PER PACK; TO DESIGNATE THE ADDITIONAL MONIES FROM THE TAX INCREASES AS SPECIAL REVENUES AND TO PLACE THEM IN THE DEPARTMENT OF HUMAN SERVICES GRANTS FUND ACCOUNT TO PAY FOR MEDICAL CARE EXPENSES FOR MEDICAID ELIGIBLE CITIZENS; AND FOR OTHER PURPOSES."

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

SECTION 1. Subdivision (16) of Arkansas Code 26-57-203 is hereby amended to read as follows:

"(16) 'Tobacco products' means all products containing tobacco for consumption and includes, but is not limited to, cigarettes, cigars, little cigars, cigarillos, chewing tobacco, smokeless tobacco, snuff, smoking tobacco, including pipe tobacco, smokeless cigarettes, and smoking tobacco substitutes;"

SECTION 2. Arkansas Code 25-57-208 is hereby amended to read as follows:

"26-57-208. Levy of tax - Rates of tax.

An excise or privilege tax is levied as follows:

(1) The excise or privilege tax on cigarettes sold in this state is fifteen dollars fifty cents (\$15.50) per one thousand (1,000) cigarettes sold.

(A) Whenever there are two (2) adjoining cities each with a population of five thousand (5,000) or more separated by a state line, the tax on cigarettes sold in such adjoining Arkansas city shall be at the rate imposed by law on cigarettes sold in the adjoining city outside of Arkansas. The tax shall not exceed the tax upon cigarettes imposed by this subchapter.

(B) The tax on cigarettes sold in Arkansas within three hundred feet (300') of a state line or in any Arkansas city which adjoins a state line shall be at the rate imposed by law on cigarettes sold in the adjoining state. The tax shall not exceed the tax upon cigarettes imposed by this subchapter;

(2) The excise or privilege tax on tobacco products, other than cigarettes, on the first sale to wholesalers or retailers within the state is twenty percent (20%) of the manufacturer's selling price. The tax shall be computed on the actual manufacturer invoice price before discounts and deals and shall be paid by the wholesaler, or by the retailer if he purchases directly from the manufacturer."

SECTION 3. Arkansas Code 26-57-801 is hereby amended to read as follows:

"26-57-801. Excise tax.

(a) Every person required by the Arkansas Tobacco Products Tax Act of 1977, §26-57-201 et seq., to pay the excise tax on tobacco products and every other person selling cigarette paper at wholesale within this state shall also pay an excise tax on the sale of cigarette paper.

(b) The tax shall be in the amount of thirty cents (30_) per package of approximately thirty-two (32) sheets.

(c) The tax shall be remitted to the Director of the Department of Finance and Administration at the same time and in the same manner as prescribed by the Arkansas Tobacco Products Tax Act of 1977, § 26-57-201 et seq.

(d) The Director of the Department of Finance and Administration shall promulgate such regulations as he deems necessary for the implementation of this section."

SECTION 4. (a) The following portions of the excise taxes levied on cigarettes and other tobacco products by Arkansas Code 26-57-208 and the

excise tax levied on cigarette papers by Arkansas Code 26-57-801 (Act 1045 of 1987) shall be special revenues:

(1) Five dollars (\$5.00) of the fifteen dollars and fifty cents (\$15.50) tax per one thousand (1,000) cigarettes levied by Arkansas Code 26-57-208(1);

(2) One-fifth (1/5th) of the twenty percent (20%) tax on the manufacturer's selling price of tobacco products, other than cigarettes, levied on the first sale to wholesalers or retailers by Arkansas Code 26-57-208(2); and

(3) Five cents (5_) of the thirty cents (30_) tax per package of approximately thirty-two (32) sheets of cigarette papers levied by Arkansas Code 26-57-801 (Act 1045 of 1987).

(b) All special revenues designated by this section shall be deposited by the Commissioner of Revenues and the State Treasurer into the Department of Human Services Grants Fund Account to be used by the State of Arkansas to match federal Medicaid funds to pay for the medical care expenses of the eligible citizens of the state.

(c) The other portions of the excise taxes levied by Arkansas Code 26-57-208 and 26-57-801 which are not allocated herein shall be deposited in the State Treasury as general revenues or as otherwise prescribed by law.

SECTION 5. It is hereby found and determined by the Seventy-Seventh General Assembly of the State of Arkansas that the indigent citizens of the state are not receiving adequate medical care under the current funding levels of the state Medicaid programs; that many rural hospitals in the state are being forced to close their doors because of inadequate funding under the state Medicaid program; and therefore the state can best address the issue of adequately funding medical care for the indigent citizens of Arkansas by levying taxes that are devoted solely to the purpose of funding the state Medicaid program. Therefore, in order to address the problem of inadequate Medicaid funding, an emergency is hereby declared to exist, and this act being necessary for the immediate preservation of the public peace, health, and safety, shall be in full force and effect from and after its passage and approval.