

**ARKANSAS SENATE**  
86th General Assembly - Regular Session, 2007  
**Amendment Form**

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**Subtitle of Senate Bill No. 795**

"AN ACT TO LEVY AN EXCISE TAX ON LIQUOR, BEER, AND WINE AND TO PROVIDE  
AN ARKANSAS SUBSTANCE ABUSE PROGRAMS TRUST FUND."

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**Amendment No. 2 to Senate Bill No. 795.**

Amend Senate Bill No. 795 as engrossed, S3/5/07 (version: 03-05-2007 09:45):

Add Senator Altes as a cosponsor

AND

Delete everything following the enacting clause and substitute the following:

"SECTION 1. Arkansas Code Title 3, Chapter 7 is amended to add a new subchapter as follows:

3-7-601. Title.

This subchapter shall be known and may be cited as the "Arkansas Substance Abuse Programs Act".

3-7-602. Definitions.

As used in this subchapter:

(1) "Alcoholic beverage" means a beverage suitable for human consumption that contains an intoxicating liquor of any sort, including without limitation malt liquor, beer, or wine;

(2) "Beer" shall have the meaning set forth in § 3-5-202;

(3) "Consumer" means any person that receives or that in any way comes into the possession of an alcoholic beverage for the purpose of consuming it, giving it away, or distributing it in any other way other than by sale, barter, or exchange;

(4) "Distributor, manufacturer, or wholesale dealer" means any person that receives, stores, manufactures, bottles, or sells alcoholic beverages to a retail dealer, other distributor, manufacturer, or wholesale dealer for resale purposes;

(5) "Malt" shall have the meaning set forth in § 3-1-102(a)(3)(A);

(6) "On-premises" means at the licensed retailer's place of business;

(7) "Off-premises" means a place other than the licensed retailer's place of business;

(8) "Person" means an individual, trust, estate, fiduciary,



partnership, limited liability company, limited liability partnership, corporation, or any other legal entity;

(9) "Retailer" means any person other than a consumer or a distributor, manufacturer, or wholesale dealer, that receives, stores, mixes, compounds, or manufactures any alcoholic beverage and sells or otherwise dispenses the alcoholic beverage to the ultimate consumer;

(10) "Sale" means the transfer of title or possession for a valuable consideration of tangible personal property regardless of the manner by which the transfer is accomplished; and

(11) "Wine" means any fermented alcoholic liquor made from grapes, berries, fruits, honey, or vegetables and shall include any other mixture containing the fermented juices of grapes, berries, fruits, honey, or vegetables, or any other wine, the alcoholic content of which is more than one-half of one percent (0.5%) of alcohol by weight and which does not exceed twenty-one percent (21%) of alcohol by weight, regardless of whether the wine is manufactured within or without the State of Arkansas.

#### 3-7-603. Tax imposed.

(a) There is levied an excise tax of five percent (5%) upon all retail receipts or proceeds derived from the sale of an alcoholic beverage for on-premises or off-premises consumption.

(b) The excise tax imposed under subsection (a) of this section shall be and is in addition to all other taxes now imposed and cumulative to the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

(c) The excise tax imposed under subsection (a) of this section is on all retail sales to consumers including without limitation:

(1) An alcoholic beverage sold by a liquor store, grocery store, or other retail outlet; and

(2) An alcoholic beverage sold by a restaurant, bar, club, brewery, pub, lodge, tourist attraction, hotel, or sporting or special event.

#### 3-7-604. Duty to collect and report.

(a) It shall be the duty of every retailer in this state to collect the tax from the consumer in addition to the established retail price of the alcoholic beverage and to file a return and remittance with the Director of the Department of Finance and Administration on or before the twentieth day of each calendar month for the preceding month.

(b) Failure to file the return and remittance on the due date shall be cause for the director to enter an assessment for the return and remittance and add as a penalty ten percent (10%) of the amount of tax found to be due.

(c) The return and remittance shall be filed upon forms prescribed by the director in accordance with such rules as the director may promulgate under § 3-7-606(b).

#### 3-7-605. Border city tax.

If a retailer located in a city or incorporated town which is subject to the border city tax rate provided in § 26-52-303 sells an alcoholic beverage to a consumer, then the excise tax levied in this subchapter shall be at the same rate as imposed by the adjoining state, not to exceed the rate imposed by this subchapter.

3-7-606. Administration.

(a) This subchapter is to be administered in all respects and in accordance with the Arkansas Tax Procedure Act, § 26-18-101 et seq., unless otherwise provided.

(b) The Director of the Department of Finance and Administration shall promulgate rules to implement this subchapter.

3-7-607. Disposition of tax, interest, and penalties.

(a) The tax, interest, fees, and penalties derived and collected from the excise tax levied by this subchapter shall be classified as special revenues and shall be deposited in the State Treasury.

(b) The State Treasurer shall transfer the special revenues received under subsection (a) of this section on the last business day of each month as follows:

(1) Sixty-nine percent (69%) to the Drug Abuse Prevention and Treatment Fund administered through the Office of Alcohol and Drug Abuse Prevention, Division of Behavioral Health of the Department of Health and Human Services, and utilized as follows:

(A) Twenty-eight percent (28%) for specialized women services;

(B) Sixteen percent (16%) for adolescent treatment services;

(C) Nineteen percent (19%) for adult treatment services;

(D) Five percent (5%) for prevention services; and

(E) One percent (1%) for the Arkansas Office of Drug Abuse Administration;

(2) Sixteen percent (16%) to the Domestic Peace Fund;

(3)(A) Five percent (5%) to the Medical Services Fund Account, Department of Health and Human Services, Division of Medical Services, to be used in the event that any future State of Arkansas Medicaid plan, federal or state legislation, or Medicaid waiver allows for substance abuse services to be billed to Medicaid.

(B) In such event, the Division of Medical Services shall develop a plan to redistribute the funding formula in such a manner as deemed appropriate and that would include payment for co-occurring substance abuse or mental health disorders;

(4) Five percent (5%) to the Department of Arkansas State Police Fund for use by the Crimes Against Children Division; and

(5)(A) Five percent (5%) to the State Drug Crime Enforcement and Prosecution Grant Fund.

(B) The State Drug Crime Enforcement and Prosecution Grant Fund shall be established as a special revenue on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State to fund multi-jurisdictional drug task forces.

(C)(i) The Department of Finance and Administration shall develop and promulgate grant applications under state law and upon the recommendations of the Arkansas Alcohol and Drug Abuse Coordinating Council.

(ii) The department shall administer all grant awards and expenditures by the drug crime task forces under applicable state and federal law.

(D) The Arkansas Alcohol and Drug Abuse Coordinating Council shall:

- (i) Develop and promulgate by rule the criteria for the grant applications and awards process;
- (ii) Review all grant applications;
- (iii) Determine which applicants should receive grant awards; and
- (iv) Retain oversight of all grant expenditures.

SECTION 2. EMERGENCY CLAUSE. It is hereby found and determined by the General Assembly of the State of Arkansas that there is a serious need to provide treatment services for the abuse of alcohol and drugs; that the use of alcohol and drugs is on the rise; that the effects of drug and alcohol abuse on the citizens of this state is far reaching; that less than thirty percent (30%) of treatment funding currently goes to women; and that additional revenues are necessary to provide adequate funding for these essential services and to prevent irreparable harm to those affected by the abuse of alcohol and drugs. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall become effective on June 1, 2007."

The Amendment was read the first time, rules suspended and read the second time and \_\_\_\_\_

By: Senator Wilkins

MMC/RCK - 03-14-2007 08:33

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Secretary