

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1876

Bill Subtitle: REGARDING THE SUSPENSION OF PERMITS FOR A RETAILER'S FAILURE TO PAY A WHOLESALER OR MANUFACTURER FOR TOBACCO PRODUCTS, VAPOR PRODUCTS, ALTERNATIVE NICOTINE PRODUCTS, OR E-LIQUIDS.

Basic Change :

Sponsors: Rep. M. Berry and Sen. Hester

HB1876 requires retailers permitted by the Arkansas Tobacco Control Board ("ATCB") to timely remit payment for purchases of tobacco, other tobacco products, vapor products, alternative nicotine products, and e-liquids to wholesalers and manufacturers permitted by ATCB and creates a compliance mechanism for the payments.

Under the bill, manufacturers and wholesalers are required to report delinquent retailers to ATCB. ATCB is then required to notify all permitted manufacturers and wholesalers that the retailer is delinquent and that the other permitted manufacturers and wholesalers may not make any further sales to the retailer until the retailer has cured the deficiency. ATCB is given the option to carry out short term suspensions of the retailer's permit and require cash payment for future purchases of product to guarantee future compliance. HB1876 also requires new owners of permitted retailers to assume unpaid debt of the previous owner if it is unpaid at the time of the purchase.

The Director of ATCB may promulgate rules to implement the bill.

Revenue Impact :

None.

Taxpayer Impact :

A retailer delinquent in payment to a wholesaler may be subject to suspension of the retailer's permit as well as prohibited from continuing to purchase product.

Resources Required :

ATCB rules would need to be promulgated. Holders of tobacco permits would need to be educated. ATCB anticipates that the following additional staff would be required (including salary, benefits, as well as any necessary vehicles or equipment):

- Two agents at \$100,000 each per year; and
- One administrative support person \$60,000.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Hearing procedures to contest proposed administrative action would need to be established.

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Other Comments :

None.

Legal Analysis :

None.