

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas As Engrossed: S3/5/07 S3/15/07 S3/26/07

2 86th General Assembly

# A Bill

3 Regular Session, 2007

SENATE BILL 795

4

5 By: Senators Wilkins, Critcher, Laverty, Altes

6

7

8

## For An Act To Be Entitled

9 AN ACT TO LEVY AN EXCISE TAX ON SPIRITUOUS LIQUOR  
10 AND WINE SOLD IN ARKANSAS; AND FOR OTHER  
11 PURPOSES.

12

13

## Subtitle

14 AN ACT TO LEVY AN EXCISE TAX ON  
15 SPIRITUOUS LIQUOR AND WINE SOLD IN  
16 ARKANSAS.

17

18

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

20

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

23 3-7-601. Title.

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

26

27 3-7-602. Definitions.

28 As used in this subchapter:

29 (1) "Alcoholic beverage" means a beverage suitable for human  
30 consumption that contains spirituous liquor or wine, including any mixed  
31 drink containing spirituous liquor or wine;

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

36 (3) "Off-premises" means a place other than the licensed



1 retailer's place of business;

2 (4) "Person" means an individual, trust, estate, fiduciary,  
3 partnership, limited liability company, limited liability partnership,  
4 corporation, or any other legal entity;

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

8 (6) "Spirituous liquor" means liquor distilled from the  
9 fermented juices of grain, fruits, or vegetables and any mixture containing  
10 liquor distilled from the fermented juices of grain, fruits, or vegetables,  
11 with an alcoholic content of twenty-one percent (21%) or more alcohol by  
12 weight; and

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

20  
21 3-7-603. Tax imposed.

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

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

29  
30 3-7-604. Duty to collect and report.

31 (a) It shall be the duty of every retailer subject to the excise tax  
32 in § 3-7-603 to collect the tax from the consumer in addition to the  
33 established retail price of the alcoholic beverage and to file a return and  
34 remittance with the Director of the Department of Finance and Administration  
35 on or before the twentieth day of each calendar month for the preceding  
36 month.

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

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

7  
8 3-7-605. Border city tax.

9 If a retailer subject to the excise tax in § 3-7-603 located in a city  
10 or incorporated town which is subject to the border city tax rate provided in  
11 § 26-52-303 sells an alcoholic beverage to a consumer, then the excise tax  
12 levied in this subchapter shall be at the same rate as imposed by the  
13 adjoining state, not to exceed the rate imposed by this subchapter.

14  
15 3-7-606. Administration.

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

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

21  
22 3-7-607. Disposition of tax, interest, and penalties.

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

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

29 (1) Seventy percent (70%) to the Drug Abuse Prevention and  
30 Treatment Fund administered through the Office of Alcohol and Drug Abuse  
31 Prevention, Division of Behavioral Health of the Department of Health and  
32 Human Services, and utilized as follows:

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

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

1 (C) Twenty percent (20%) for adult treatment services;  
2 (D) Five percent (5%) for prevention services; and  
3 (E) One percent (1%) for the Arkansas Office of Drug Abuse  
4 Administration;

5 (2) Eighteen percent (18%) to the Domestic Peace Fund;

6 (3) Six percent (6%) to the Department of Arkansas State Police  
7 Fund for use by the Crimes Against Children Division; and

8 (4)(A) Six percent (6%) to the State Drug Crime Enforcement and  
9 Prosecution Grant Fund.

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

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

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

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

22 (i) Develop and promulgate by rule the criteria for  
23 the grant applications and awards process;

24 (ii) Review all grant applications;

25 (iii) Determine which applicants should receive  
26 grant awards; and

27 (iv) Retain oversight of all grant expenditures.

28  
29 SECTION 2. EMERGENCY CLAUSE. It is hereby found and determined by the  
30 General Assembly of the State of Arkansas that there is a serious need to  
31 provide treatment services for the abuse of alcohol and drugs; that the use  
32 of alcohol and drugs is on the rise; that the effects of drug and alcohol  
33 abuse on the citizens of this state is far reaching; that less than thirty  
34 percent (30%) of treatment funding currently goes to women; and that  
35 additional revenues are necessary to provide adequate funding for these  
36 essential services and to prevent irreparable harm to those affected by the

1 abuse of alcohol and drugs. Therefore, an emergency is declared to exist and  
2 this act being necessary for the preservation of the public peace, health,  
3 and safety shall become effective on June 1, 2007.

4  
5 /s/ Wilkins  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36