

Hall of the House of Representatives
83rd General Assembly - Regular Session, 2001
Amendment Form

Subtitle of Senate Bill No. 287

"TO CREATE THE ARKANSAS ELDERLY CARE TAX."

Amendment No. 1 to Senate Bill No. 287.

Amend Senate Bill No. 287 as engrossed, S2/15/01:

Page 1, delete lines 19 through 36 and substitute:

"SECTION 1. (a)(1) Effective July 1, 2001, there is levied an excise or privilege tax on cigarettes, sold by wholesalers to retailers or purchased by licensed retailers directly from the manufacturer, at a rate of six percent (6%) of the manufacturer's invoice price.

(2) The tax shall be computed on the actual manufacturer invoice price before discounts.

(3) The tax shall be known and cited as the "Arkansas Elderly Care Tax."

(b)(1) The tax shall be paid by the wholesaler or retailer who purchased directly from a manufacturer.

(2) The tax shall be reported on forms prescribed by the Director of the Department of Finance and Administration.

(3) The tax shall be paid at the same time as payment for taxes for tobacco products is required under Arkansas Code 26-57-211.

(c)(1) The Arkansas Elderly Care Tax shall be remitted to the Director of the Department of Finance and Administration and shall be deposited in the State Treasury and shall be credited to the Arkansas Elderly Care Trust Fund, which is created on the books of the Treasurer of State, Auditor of State and the Chief Fiscal Officer of the State.

(2) The monies in the fund shall be used exclusively for the state match of federal funds participation under the Arkansas Medicaid Program in order to assist nursing facilities licensed pursuant to § 20-10-224.

SECTION 2. Arkansas Code 26-57-803 is amended to read as follows:
26-57-803. Additional tax - Applicability.

(a)(1) In addition to the excise or privilege taxes levied under §§ 26-57-208 and 26-57-802, for the months of February, March, April, May, and June of 1993, there is hereby levied a tax of six dollars and twenty-five cents (\$6.25) per one thousand (1,000) cigarettes sold in the state, and for all months beginning on or after July 1, 1993, there is hereby levied a tax of four dollars and seventy-five cents (\$4.75) per one thousand (1,000)

cigarettes sold in the state.

(2) 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 plus the fifty cents (50¢) per one thousand (1,000) cigarettes presently imposed by § 26-57-802. The tax shall not exceed the tax upon cigarettes imposed by this subchapter.

(3) The tax on cigarettes sold in Arkansas within three hundred feet (300') of a state line, in any Arkansas city which adjoins a state line, or in any city which is separated only by a navigable river from a city which adjoins a state line shall be at the rate imposed by law on cigarettes sold in the adjoining state plus the twenty-five cents (25¢) per one thousand (1,000) cigarettes presently imposed by § 26-57-802. The tax shall not exceed the tax upon cigarettes imposed by this subchapter.

(b) In addition to the tax imposed by § 26-57-208(2), for the months of February, March, April, May, and June 1993, there is hereby imposed an additional excise or privilege tax on the sale of tobacco products other than cigarettes by wholesalers to retailers or by licensed retailers to the Director of the Department of Finance and Administration at nine percent (9%) of the manufacturer's selling price, and for all months beginning on or after July 1, 1993, there is hereby levied an additional excise or privilege tax on tobacco products at seven percent (7%) of the manufacturer's selling price. The tax shall be computed before discounts.

(c)(1) Effective July 1, 2001, in addition to the tax imposed by subsection (b), there is hereby levied an additional excise or privilege tax on tobacco products other than cigarettes, sold by wholesalers to retailers or purchased by licensed retailers directly from the manufacturer, at six percent (6%) of the manufacturer's invoice price.

(2) The tax shall be computed on the actual manufacturer's invoice price before discounts.

~~(e)(d)~~ The taxes levied by this section shall not apply to the sale of cigarettes and tobacco products which are in a wholesaler's warehouse inventory on January 1, 1993.

~~(d)(e)~~(1) The taxes levied by this section shall be reported and paid by wholesalers licensed pursuant to § 26-57-214 of the Arkansas Tobacco Products Tax Act of 1977, provided that retailers shall be liable for reporting and paying these taxes when a retailer purchases tobacco products directly from a manufacturer or from a wholesaler or distributor not licensed pursuant to § 26-57-214 of the Arkansas Tobacco Products Tax Act of 1977.

(2)(A) Any taxpayer who fails to report and remit the tobacco tax due on tobacco products purchased from manufacturers, distributors, or wholesalers who are not licensed under § 26-57-214 of the Arkansas Tobacco Products Tax Act of 1977 shall be subject to the following penalties:

(i) Five percent (5%) of the total tobacco tax due for the first offense;

(ii) Twenty percent (20%) of the total tobacco tax due for the second offense; and

(iii) Twenty-five percent (25%) of the total tobacco tax due for the third and any subsequent offenses.

(B) In addition, the taxpayer's retail cigarette/tobacco permit shall be revoked for a period of ninety (90) days for the third and

any subsequent offenses.

(3) The provisions of this subsection shall not affect the provisions of § 26-57-228.

(f)(1) The tax collected under subsection (c) shall be remitted to the Director of the Department of Finance and Administration and shall be deposited in the State Treasury and shall be credited to the Arkansas Elderly Care Trust Fund.

(2) The monies in the fund shall be used exclusively for the state match of federal funds participation under the Arkansas Medicaid Program in order to assist nursing facilities licensed pursuant to § 20-10-224.

SECTION 3. (a) For the biennial period ending June 30, 2001 and in a manner prescribed by the Chief Fiscal Officer of the State, the Arkansas Elderly Care Trust Fund is authorized to borrow from the Budget Stabilization Trust Fund for the state match of federal funds participation under the Arkansas Medicaid Program in order to assist nursing facilities licensed pursuant to § 20-10-224.

(b) The loan shall be repaid by the end of the fiscal year following the fiscal year in which the loan was made.

(c) This section shall expire on June 30, 2003."

AND

Page 2, delete lines 1 through 29 and substitute:

"SECTION 4. EMERGENCY CLAUSE. It is found and determined by the General Assembly that nursing facilities are in dire need of financial assistance and are lacking the resources necessary to ensure that nursing facilities provide quality care for the elderly of this state. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety, shall become effective on the date of its approval by the Governor. If the bill is neither approved nor vetoed by the Governor, it shall become effective on the expiration of the period of time during which the Governor may veto the bill. If the bill is vetoed by the Governor and the veto is overridden, it shall become effective on the date the last house overrides the veto."

The Amendment was read _____
By: Representative Salmon
MG/VJF
VJF933

Chief Clerk