

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB540**

**Amendment Number: S1**

**Bill Subtitle: TO AMEND THE LAWS PERTAINING TO TAXES LEVIED ON TOBACCO PRODUCTS; TO CLARIFY THAT CURRENT LAW IMPOSES AN EXCISE TAX ON ALL TOBACCO PRODUCTS OFFERED FOR SALE IN THE STATE; AND TO DECLARE AN EMERGENCY.**

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### **Basic Change :**

Senator Maloch

Engrossment 03/05/13 -- Senate Amendment 1 -- Reinstates within the definition of a "manufacturer" to include those distributors that deal in tobacco products as manufacturers.

Original Bill -- Amends the Tobacco Products Tax Act regarding the tax on tobacco products other than cigarettes to clarify that the tax is imposed on the purchase price paid by licensed wholesalers or retailers when those tobacco products are acquired for resale to Arkansas consumers regardless of their purchase being from a manufacturer, a manufacturer's affiliate or subsidiary, or from any other person.

### **Revenue Impact :**

None

### **Taxpayer Impact :**

Tobacco wholesalers would continue to pay tax on the price at which the wholesaler acquired tobacco products in the same manner as when the tobacco products tax law was originally enacted almost 40 years ago.

### **Resources Required :**

None

### **Time Required :**

None

### **Procedural Changes :**

None

### **Other Comments :**

None

### **Legal Analysis :**

The amendment to Senate Bill 540 restores the phrase "that deal in tobacco products as manufacturers" to the definition of "manufacturer" in response to a request from the Arkansas Tobacco Control Board. The phrase had been stricken from the existing definition in the original version of the Bill. There is no substantive effect on the meaning of "manufacturer" as amended by the bill with the restoration of this currently-existing statutory language in the definition.