

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Second Extraordinary Session, 1992**  
4 **By: Representatives Jones and Wyrick**

# A Bill

Call Item 2

**HOUSE BILL**

## For An Act To Be Entitled

8 "AN ACT TO LEVY A SEVEN PERCENT (7%) TAX ON WHOLESALERS'  
9 GROSS RECEIPTS DERIVED FROM THE SALE OF CIGARETTES AND TO  
10 LEVY AN ADDITIONAL SEVEN PERCENT (7%) TAX ON TOBACCO  
11 PRODUCTS OTHER THAN CIGARETTES; AND FOR OTHER PURPOSES."

## Subtitle

14 "AN ACT TO LEVY TAXES ON CIGARETTES AND TOBACCO PRODUCTS."

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

18 SECTION 1. DEFINITIONS.

19 For purposes of this Act, the following words and terms shall have the  
20 following meaning:

21 a. "Director" means the Director of the Department of Finance and  
22 Administration or his authorized agents.

23 b. "Gross receipts" means the amount received by a wholesaler for sales  
24 of tobacco products without any deductions for the cost of goods, labor,  
25 interest or other expenses. Gross receipts includes all federal and state  
26 taxes which are required to be collected or paid by the wholesaler,  
27 specifically including taxes levied by Ark. Code Ann. §26-57-201 et seq.

28 c. "Tobacco products" means all products containing tobacco for  
29 consumption and includes, but is not limited to, cigarettes, cigars, little  
30 cigars, cigarillos, chewing tobacco, smokeless tobacco, pipe tobacco, smoking  
31 tobacco, smoking tobacco substitutes and snuff.

32 d. "Wholesaler" means any individual or person who does business within  
33 this state, who purchases unstamped or untaxed cigarettes or other tobacco  
34 products directly from manufacturers that distribute tobacco products in  
35 Arkansas, and who sells to properly licensed vendors or retailers.

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2 SECTION 2. IMPOSITION OF TAX.

3 There is levied a tax of seven percent (7%) on the total gross receipts  
4 derived from the sale of cigarettes by wholesalers to any person. The total  
5 gross receipts shall include the total amount received by the wholesaler for  
6 the sale of cigarettes without any deductions for the cost of goods, labor,  
7 interest or other expenses. Gross receipts includes all federal and state  
8 taxes which are required to be collected or paid by the wholesaler on  
9 cigarettes, including those taxes levied by Ark. Code Ann. §§26-57-208 and 26-  
10 57-802.

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12 SECTION 3. IMPOSITION OF TAX.

13 In addition to the tax imposed by Ark. Code Ann. §26-57-208(2) there is  
14 hereby an additional excise or privilege tax on tobacco products, other than  
15 cigarettes, on the first sale to wholesalers or retailers within the state of  
16 seven percent (7%) of the manufacturer's selling price. The tax shall be  
17 computed on the actual manufacturer's invoice price before discounts and deals  
18 and shall be paid by the wholesaler, or by the retailer if he purchases  
19 directly from the manufacturer.

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21 SECTION 4. REPORTING REQUIREMENTS.

22 a. Every wholesaler selling tobacco products shall pay the tax levied  
23 by this Act.

24 b. (1) On or before the fifteenth day of each month, every wholesaler  
25 shall file with the Director a report reflecting the previous month's gross  
26 receipts and such other information prescribed by the Director.

27 (2) The tax levied by this Act shall be paid when the report is  
28 filed. No discount shall be allowed for timely payment.

29 (3) The assessment and collection of the tax levied by this Act  
30 shall be governed by the Arkansas Tax Procedure Act (Ark. Code Ann. §26-18-101  
31 et seq.).

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33 SECTION 5. GENERAL REVENUE.

34 The revenues derived from the tax collected under this act shall be  
35 deposited into the State Treasury as general revenues.

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SECTION 6. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 7. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 8. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 9. EMERGENCY CLAUSE.

It is hereby found and determined that The State of Arkansas is lacking adequate funds to provide for the healthcare of its citizens covered by Medicaid; that increased funds must be raised to adequately provide for those needs; and that this Act is designed to provide the necessary revenues to the State sufficient to meet these needs. Therefore, an emergency is declared to exist and this Act, being necessary for the immediate preservation of the public peace, health and safety, shall be in full force and effective on and after February 1, 1993.

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