

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Second Extraordinary Session, 1992**  
4 **By: Senator Lewellen**

# A Bill

**SENATE BILL**

## For An Act To Be Entitled

8 "AN ACT TO LEVY A 15% TAX ON WHOLESALERS' GROSS RECEIPTS  
9 DERIVED FROM THE SALE OF CIGARETTES AND TO LEVY AN  
10 ADDITIONAL 16% TAX ON TOBACCO PRODUCTS OTHER THAN  
11 CIGARETTES; AND FOR OTHER PURPOSES."

## Subtitle

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

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

16 SECTION 1. DEFINITIONS.

17 For purposes of this Act, the following words and terms shall have the  
18 following meaning:

19 a. "Director" means the Director of the Department of Finance and  
20 Administration or his authorized agents.

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

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

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

34

35 SECTION 2. IMPOSITION OF TAX.

36 There is levied a tax of 15% on the total gross receipts  
37 derived from the sale of cigarettes by wholesalers to any person. The total

1 gross receipts shall include the total amount received by the wholesaler  
2 for the sale of cigarettes without any deductions for the cost of goods,  
3 labor, interest or other expenses. Gross receipts includes all federal and  
4 state taxes which are required to be collected or paid by the wholesaler on  
5 cigarettes, including those taxes levied by Ark. Code Ann. §§26-57-208 and 26-  
6 57-802.

7

8 SECTION 3. IMPOSITION OF TAX.

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

16

17 SECTION 4. REPORTING REQUIREMENTS.

18 a. Every wholesaler selling tobacco products shall pay the tax levied  
19 by this Act.

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

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

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

28

29 SECTION 5. GENERAL REVENUE.

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

32

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

1  
2  
3  
4  
5  
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

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.

1

2