

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  
2 84th General Assembly  
3 Regular Session, 2003  
4

As Engrossed: H3/13/03

# A Bill

HOUSE BILL 2453

5 By: Representative Bright  
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## For An Act To Be Entitled

9 AN ACT TO ADD AN ADDITIONAL SEVEN AND ONE-HALF  
10 PERCENT (7 1/2%) SALES OR USE TAX ON TOBACCO  
11 PRODUCTS AND TO LEVY AN ADDITIONAL ONE CENT (1¢)  
12 PER PACK TAX ON CIGARETTES TO FUND THE ARKANSAS  
13 ACADEMIC CHALLENGE SCHOLARSHIP PROGRAM THE  
14 ARKANSAS GOVERNOR'S SCHOLARS PROGRAM OF THE  
15 DEPARTMENT OF HIGHER EDUCATION; AND FOR OTHER  
16 PURPOSES.  
17  
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## Subtitle

19 TO ADD AN ADDITIONAL SEVEN AND ONE-HALF  
20 PERCENT (7 1/2%) SALES OR USE TAX ON  
21 TOBACCO PRODUCTS AND TO LEVY AN  
22 ADDITIONAL ONE CENT (1¢) PER PACK TAX ON  
23 CIGARETTES TO FUND SCHOLARSHIP  
24 PROGRAMS..  
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28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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30 *SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 3 is amended*  
31 *to add an additional section to read as follows:*

32 26-52-315. Additional tax on tobacco products.

33 (a) For the purposes of this section, "tobacco products" means all  
34 products containing tobacco for consumption and includes, but is not limited  
35 to, the following:

36 (1) Cigarettes;



- 1                   (2) Cigars;  
 2                   (3) Little cigars;  
 3                   (4) Cigarettes;  
 4                   (5) Chewing tobacco;  
 5                   (6) Smokeless tobacco;  
 6                   (7) Snuff;  
 7                   (8) Smoking tobacco;  
 8                   (9) Pipe tobacco; and  
 9                   (10) Smoking tobacco substitutes.

10           (b)(1) Beginning May 1, 2003, there is levied an additional excise tax  
 11 of seven and one-half percent (7 1/2%) upon the gross receipts or gross  
 12 proceeds derived from all sales of tobacco products subject to the tax levied  
 13 under the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq.

14           (2) The tax shall be collected, reported, and paid in the same  
 15 manner and at the same time as is prescribed by the Arkansas Gross Receipts  
 16 Act of 1941, as amended, § 26-52-101 et seq., for the collection, reporting,  
 17 and payment of Arkansas gross receipts taxes.

18           (c) The revenue collected under this section shall be deposited in the  
 19 State Treasury as special revenues to the credit of the Higher Education  
 20 Grants Fund Account to be used exclusively by the Department of Higher  
 21 Education to fund the Arkansas Academic Challenge Scholarship Program,  
 22 created under § 6-82-1003, and the Arkansas Governor's Scholars Program,  
 23 created under § 6-82-303, of the Department of Higher Education.

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 25           SECTION 2. Arkansas Code Title 26, Chapter 53, Subchapter 1 is amended  
 26 to add an additional section to read as follows:

27           26-53-141. Additional tax on tobacco products.

28           (a) For the purposes of this section, "tobacco products" means all  
 29 products containing tobacco for consumption and includes, but is not limited  
 30 to, the following:

- 31                   (1) Cigarettes;  
 32                   (2) Cigars;  
 33                   (3) Little cigars;  
 34                   (4) Cigarettes;  
 35                   (5) Chewing tobacco;  
 36                   (6) Smokeless tobacco;

1 (7) Snuff;

2 (8) Smoking tobacco;

3 (9) Pipe tobacco; and

4 (10) Smoking tobacco substitutes.

5 (b)(1) Beginning May 1, 2003, there is levied an additional excise tax  
6 of seven and one-half percent (7 1/2%) upon the sales price of tobacco  
7 products sold in another state for use or consumption in this state.

8 (2) The tax shall be collected, reported, and paid in the same  
9 manner and at the same time as is prescribed by the Arkansas Gross Receipts  
10 Act of 1941, as amended, § 26-52-101 et seq., for the collection, reporting,  
11 and payment of Arkansas gross receipts taxes.

12 (c) The revenue collected under this section shall be deposited in the  
13 State Treasury as special revenues to the credit of the Higher Education  
14 Grants Fund Account to be used exclusively by the Department of Higher  
15 Education to fund the Arkansas Academic Challenge Scholarship Program,  
16 created under § 6-82-1003, and the Arkansas Governor's Scholars Program,  
17 created under § 6-82-303, of the Department of Higher Education.

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19 SECTION 3. Arkansas Code Title 26, Chapter 57, Subchapter 8, is  
20 amended to add an additional section to read as follows:

21 26-57-804. Additional tax - Higher Education Scholarship Fund.

22 (a) In addition to the excise or privilege taxes levied under §§ 26-  
23 57-208, 26-57-802, and 26-57-803, there is levied a tax of fifty cents (50¢)  
24 per one thousand (1,000) cigarettes sold in the state beginning on May 1,  
25 2003.

26 (b) The additional tax levied under this section shall apply to  
27 cigarettes sold in Arkansas within three hundred feet (300') of a state line  
28 or in any city which adjoins a state line.

29 (c) Any exemptions or waivers allowed under the Arkansas Tobacco  
30 Products Tax Act of 1977, as amended, § 26-57-201 et seq., shall apply to  
31 this section.

32 (d) The additional tax levied under this section is reported and  
33 remitted in the same manner and at the same time as other taxes levied on  
34 cigarettes in the Arkansas Tobacco Products Tax Act of 1977, as amended, §  
35 26-57-201 et seq.

36 (e) The revenue collected under this section shall be deposited in the

1 State Treasury as special revenue to the credit of the Higher Education  
2 Grants Fund Account to be used exclusively by the Department of Higher  
3 Education to fund the Arkansas Academic Challenge Scholarship Program,  
4 created under § 6-82-1003, and the Arkansas Governor’s Scholars Program,  
5 created under § 6-82-303, of the Department of Higher Education.

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7 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the  
8 General Assembly of the State of Arkansas that the state is experiencing  
9 budgetary hardships due to a decline in the economic conditions in the state;  
10 that additional revenue is needed for the Arkansas Department of Higher  
11 Education to be dedicated to sustaining and funding the Arkansas Academic  
12 Challenge Scholarship Program and the Arkansas Governor’s Scholars Program,  
13 as well as other state higher education scholarship programs; and that this  
14 act is immediately necessary to levy additional excise taxes on tobacco  
15 products to provide special revenue to secure that future scholarship or  
16 grant programs are funded, and to continue the effort to produce an educated  
17 work force for the state to attract and retain business and industry.  
18 Therefore, an emergency is declared to exist and this act being necessary for  
19 the preservation of the public peace, health, and safety shall become  
20 effective on May 1, 2003.

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22 /s/ Bright  
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