

1 State of Arkansas
2 84th General Assembly
3 First Extraordinary Session, 2003
4

A Bill

Call Item 17

HOUSE BILL 1041

5 By: Representative Sumpter
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For An Act To Be Entitled

9 AN ACT TO LEVY ADDITIONAL TAXES UPON CIGARETTES
10 AND TOBACCO PRODUCTS; AND FOR OTHER PURPOSES.
11

Subtitle

12 AN ACT TO LEVY ADDITIONAL TAXES UPON
13 CIGARETTES AND TOBACCO PRODUCTS.
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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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19 SECTION 1. Arkansas Code Title 26, Chapter 57, Subchapter 8 is amended
20 to add a new section to read as follows:

21 26-57-804. Additional tax.

22 (a) In addition to the excise or privilege taxes levied under §§ 26-
23 57-208, 26-57-802, 26-57-803, and 26-57-1101, there is levied a tax of six
24 dollars and fifty cents (\$6.50) per one thousand (1,000) cigarettes sold in
25 the state.

26 (b) In addition to the tax imposed by §§ 26-57-208(2) and 26-57-803,
27 there is imposed an additional excise or privilege tax on the sale of tobacco
28 products other than cigarettes by wholesalers to retailers or by licensed
29 retailers to the Director of the Department of Finance and Administration at
30 three percent (3%) of the manufacturer's selling price. The tax shall be
31 computed before discounts.

32 (c) The taxes levied by this section shall not apply to the sale of
33 cigarettes and tobacco products which are in a wholesaler's warehouse
34 inventory on May 31, 2003.

35 (d)(1) The taxes levied by this section shall be reported and paid by
36 wholesalers licensed pursuant to § 26-57-214 of the Arkansas Tobacco Products



1 Tax Act of 1977, provided that retailers shall be liable for reporting and
2 paying these taxes when a retailer purchases tobacco products directly from a
3 manufacturer or from a wholesaler or distributor not licensed pursuant to §
4 26-57-214 of the Arkansas Tobacco Products Tax Act of 1977.

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

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

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

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

15 (B) In addition, the taxpayer's Retail Cigarette/Tobacco
16 Permit shall be revoked for a period of ninety (90) days for the third and
17 any subsequent offenses.

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

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21 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
22 General Assembly of the State of Arkansas that revenue available for the
23 support of necessary state services has declined during the last twelve (12)
24 months as a result of the nationwide economic slow down; that without
25 additional revenue, some state services will be reduced or eliminated; that
26 some Arkansans will suffer as a result of service reductions or cuts; and
27 that this bill will provide necessary revenue to avoid state service
28 reductions or cuts. Therefore, an emergency is declared to exist and this
29 act being immediately necessary for the preservation of the public peace,
30 health, and safety shall become effective on June 1, 2003.

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