

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

# A Bill

Call Item 17

HOUSE BILL 1043

5 By: Representative Cowling  
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7

## 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)(1) In addition to the excise or privilege taxes levied under §§  
23 26-57-208, 26-57-802, 26-57-803, and 26-57-1101, there is levied a tax of  
24 twelve dollars and fifty cents (\$12.50) per one thousand (1,000) cigarettes  
25 sold in the state.

26 (2) The tax shall be subject to the border area exemptions  
27 provided in § 26-57-803(a)(2) and (3).

28 (b) In addition to the tax imposed by §§ 26-57-208(2) and 26-57-803,  
29 there is imposed an additional excise or privilege tax on the sale of tobacco  
30 products other than cigarettes by wholesalers to retailers or by licensed  
31 retailers to the Director of the Department of Finance and Administration at  
32 five percent (5%) of the manufacturer's selling price. The tax shall be  
33 computed before discounts.

34 (c) The taxes levied by this section shall not apply to the sale of  
35 cigarettes and tobacco products which are in a wholesaler's warehouse  
36 inventory on June 30, 2003.



1           (d)(1) The taxes levied by this section shall be reported and paid by  
2 wholesalers licensed pursuant to § 26-57-214 of the Arkansas Tobacco Products  
3 Tax Act of 1977, provided that retailers shall be liable for reporting and  
4 paying these taxes when a retailer purchases tobacco products directly from a  
5 manufacturer or from a wholesaler or distributor not licensed pursuant to §  
6 26-57-214 of the Arkansas Tobacco Products Tax Act of 1977.

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

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

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

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

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

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

22           (e) This section shall expire on July 1, 2005, unless extended by an  
23 act of the General Assembly.

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

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