

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

Call Item 17

A Bill

SENATE BILL 39

5 By: Senator Gullett
6 By: Representative Dees
7
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For An Act To Be Entitled

AN ACT TO RAISE GENERAL REVENUE BY LEVYING
ADDITIONAL TOBACCO EXCISE TAXES ON CIGARETTES AND
TOBACCO PRODUCTS OTHER THAN CIGARETTES; AND FOR
OTHER PURPOSES.

Subtitle

AN ACT TO RAISE GENERAL REVENUE BY
LEVYING ADDITIONAL TOBACCO EXCISE TAXES
ON CIGARETTES AND TOBACCO PRODUCTS OTHER
THAN CIGARETTES.

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

SECTION 1. Arkansas Code Title 26, Chapter 57, Subchapter 8 is amended
to add an additional section to read as follows:

26-57-804. Additional tax.

(a) Beginning June 1, 2003, in addition to the excise or privilege
taxes levied under §§ 26-57-208, 26-57-802, 26-57-803, and 26-57-1101, there
is levied an additional tax of eighteen dollars (\$18.00) per one thousand
(1,000) cigarettes sold in the state.

(b)(1) Whenever there are two (2) adjoining cities each with a
population of five thousand (5,000) or more separated by a state line, the
tax on cigarettes sold in the adjoining Arkansas city shall be at the rate
imposed by law on cigarettes sold in the adjoining city outside of Arkansas.
The tax shall not exceed the tax upon cigarettes imposed by Arkansas law.

(2) The tax on cigarettes sold in Arkansas within three hundred



1 feet (300') of a state line, in any Arkansas city that adjoins a state line,
2 or in any city which is separated only by a navigable river from a city which
3 adjoins a state line shall be at the rate imposed by law on cigarettes sold
4 in the adjoining state. The tax shall not exceed the tax upon cigarettes
5 imposed by Arkansas law.

6 (3)(A) A wholesaler or retailer shall not sell cigarettes to a
7 retailer located outside of a border zone described in subdivisions (b)(1)
8 and (2) of this section unless the full amount of tax levied by this section
9 and §§ 26-57-208, 26-57-802, 26-57-803, and 26-57-1101, without regard to any
10 reduced border zone rate, has been paid as evidenced by cigarette stamps
11 affixed to each container of cigarettes.

12 (B) A retailer located outside of a border zone described
13 in subdivisions (b)(1) and (2) of this section shall not possess or offer for
14 sale cigarettes unless the full amount of tax levied by this section and §§
15 26-57-208, 26-57-802, 26-57-803, and 26-57-1101, without regard to any
16 reduced border zone rate, has been paid as evidenced by cigarette stamps
17 affixed to each container of cigarettes.

18 (C) A violation of subdivisions (b)(3)(A) or (B) of this
19 section shall be grounds for the suspension or revocation of a permit or
20 license issued by the Director of the Arkansas Tobacco Control Board.

21 (c) The exemptions and waivers allowed under §§ 26-57-209 and 26-57-
22 210 shall apply to this section.

23 (d) Purchases of stamps pursuant to § 26-57-236, by wholesalers and
24 stamp deputies during May 2003, shall be limited to one hundred and ten
25 percent (110%) of the amount of each purchaser's average stamp purchase for
26 the period January 2003 through April 2003.

27 (e) The additional tax levied under this section shall be imposed,
28 reported, remitted, and administered in the same manner and at the same time
29 as other taxes levied on cigarettes in the Arkansas Tobacco Products Tax Act
30 of 1977, § 26-57-201, et seq.

31 (f) The director shall not pay the commission authorized by § 26-57-
32 236(g) with respect to the tax levied by this section.

33 (g) The revenue derived from the additional tax imposed by this
34 section shall be credited to the General Revenue Fund Account of the State
35 Apportionment Fund, there to be distributed with the other gross general
36 revenue collections.

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2 SECTION 2. Arkansas Code Title 26, Chapter 57, Subchapter 8 is amended
3 to add an additional section to read as follows:

4 26-57-805. Additional tax.

5 (a) Beginning June 1, 2003, in addition to the excise or privilege
6 taxes levied under §§ 26-57-208, 26-57-803, and 26-57-1102, there is levied
7 an additional tax on tobacco products other than cigarettes on the first sale
8 to wholesalers or retailers within the state at eleven percent (11%) of the
9 manufacturer's selling price. The tax shall be computed on the actual
10 manufacturer's invoice price before discounts and deals.

11 (b)(1) The tax levied by this section shall be reported and paid by
12 wholesalers licensed pursuant to § 26-57-214.

13 (2) Retailers, however, shall be liable for reporting and paying
14 this tax when a retailer purchases tobacco products directly from a
15 manufacturer or from a wholesaler or distributor not licensed pursuant to §
16 26-57-214.

17 (c) The exemptions and waivers allowed under §§ 26-57-209 and 26-57-
18 210 shall apply to this section.

19 (d) The revenue derived from the additional tax imposed by this
20 section shall be credited to the General Revenue Fund Account of the State
21 Apportionment Fund, there to be distributed with the other gross general
22 revenue collections for that month.

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24 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
25 General Assembly of the State of Arkansas that revenue available for the
26 support of necessary state services has declined significantly as a result of
27 the nationwide economic slowdown; that without additional revenue some state
28 services will be reduced or eliminated; that some Arkansas residents will
29 suffer as a result of service reductions or cuts; and that this bill will
30 provide the necessary revenue to avoid state service reductions or cuts.
31 Therefore, an emergency is declared to exist and this act being immediately
32 necessary for the preservation of the public peace, health, and safety shall
33 become effective on:

34 (1) The date of its approval by the Governor;

35 (2) If the bill is neither approved nor vetoed by the Governor, the
36 expiration of the period of time during which the Governor may veto the bill;

1 or

2 (3) If the bill is vetoed by the Governor and the veto is overridden,
3 the date the last house overrides the veto.

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