

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 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: H3/7/07
A Bill

HOUSE BILL 1739

5 By: Representatives Shelby, Davis, Hardwick, House
6
7

8 **For An Act To Be Entitled**

9 AN ACT TO FUND PUBLIC HEALTH PROGRAMS AND
10 SERVICES FOR THE UNDERSERVED BY IMPOSING
11 ADDITIONAL CIGARETTE AND TOBACCO TAXES AND TO
12 INCREASE GENERAL REVENUES; AND FOR OTHER
13 PURPOSES.
14

15 **Subtitle**

16 TO FUND PUBLIC HEALTH PROGRAMS AND
17 SERVICES FOR THE UNDERSERVED BY IMPOSING
18 ADDITIONAL CIGARETTE AND TOBACCO TAXES
19 AND TO INCREASE GENERAL REVENUES.
20
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code Title 26, Chapter 57 is amended to add an
25 additional subchapter to read as follows:

26 26-57-1401. Additional tax on cigarettes.

27 (a) In addition to the excise or privilege taxes levied under §§ 26-
28 57-208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101, there is levied an
29 additional tax of twenty-five dollars (\$25.00) per one thousand (1,000)
30 cigarettes sold in the state.

31 (b)(1)(A) Whenever there are two (2) adjoining cities each with a
32 population of five thousand (5,000) or more separated by a state line, the
33 tax on cigarettes sold in the adjoining Arkansas city shall be at the rate
34 imposed by law on cigarettes sold in the adjoining city outside Arkansas.

35 (B) The tax shall not exceed the tax upon cigarettes
36 imposed by Arkansas law.



1 (2)(A) The tax on cigarettes sold in Arkansas within three
2 hundred feet (300') of a state line in any Arkansas city that adjoins a state
3 line or in any city that is separated only by a navigable river from a city
4 that adjoins a state line shall be at the rate imposed by law on cigarettes
5 sold in the adjoining state.

6 (B) The tax shall not exceed the tax upon cigarettes
7 imposed by Arkansas law.

8 (3)(A) A wholesaler or retailer shall not sell cigarettes to a
9 retailer located outside a border zone described in subdivisions (b)(1) and
10 (2) of this section unless the full amount of tax levied by this section and
11 §§ 26-57-208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101 without regard
12 to any reduced border zone rate has been paid as evidenced by cigarette
13 stamps affixed to each container of cigarettes.

14 (B) A retailer located outside a border zone described in
15 subdivisions (b)(1) and (2) of this section shall not possess or offer for
16 sale cigarettes unless the full amount of tax levied by this section and §§
17 26-57-208, 26-57-802, 26-57-803, 26-57-804, 26-57-804, and 26-57-1101 without
18 regard to any reduced border zone rate has been paid as evidenced by
19 cigarette stamps affixed to each container of cigarettes.

20 (C) A violation of subdivision (b)(3) of this section is
21 grounds for the suspension or revocation of a permit or license issued by the
22 Director of the Arkansas Tobacco Control Board.

23 (c) The exemptions and waivers allowed under §§ 26-57-209 and 26-57-
24 210 apply to this section.

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

29 (e) The Director of the Department of Finance and Administration shall
30 not pay the commission authorized by § 26-57-236(g), as amended by Acts 1997,
31 No. 434, with respect to the additional tax levied by this section.

32
33 26-57-1402. Additional tax on tobacco products other than cigarettes.

34 (a)(1) In addition to the excise or privilege taxes levied under §§
35 26-57-208, 26-57-803, 26-57-805, and 26-57-1102, there is levied an
36 additional tax on tobacco products other than cigarettes on the first sale to

1 wholesalers or retailers within the state at eight percent (8%) of the
2 manufacturer's selling price.

3 (2) The additional tax levied by this section shall be computed
4 on the manufacturer's actual invoice price before discounts and deals.

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

7 (2) However, a retailer is liable for reporting and paying the
8 additional tax levied by this section when a retailer purchases tobacco
9 products other than cigarettes directly from a manufacturer or from a
10 wholesaler or distributor not licensed pursuant to § 26-57-214.

11 (c) The exemptions and waivers allowed under §§ 26-57-209 and 26-57-
12 210 apply to this section.

13
14 26-57-1403. Distribution of revenues.

15 The moneys collected pursuant to §§ 26-57-1401 and 26-57-1402 shall be
16 distributed as follows:

17 (1) Fifty percent (50%) to be credited to the General Revenue
18 Fund Account of the State Apportionment Fund to be distributed as general
19 revenues; and

20 (2) Fifty percent (50%) to be distributed as follows:

21 (A) Forty-one and fifty-two hundredths of a percent
22 (41.54%) but not less than fifteen million dollars (\$15,000,000) to the
23 Community Health Centers of Arkansas;

24 (B) Thirteen and eighty-four hundredths of a percent
25 (13.84%) to the Department of Education to be used exclusively for the school
26 nurses program;

27 (C) Thirteen and fifteen hundredths of a percent (13.15%)
28 to the Division of Health of the Department of Health and Human Services to
29 be used exclusively for the Breast Cancer Control Program;

30 (D) Eight and three-tenths of a percent (8.30%) to the
31 Department of Education to be used exclusively for the coordinated school
32 health program;

33 (E) Seven and seventy-five hundredths of a percent (7.75%)
34 to the Arkansas Minority Health Commission;

35 (F) Six and ninety-two hundredths of a percent (6.92%) to
36 the Arkansas Association of Charitable Clinics;

