

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 87th General Assembly
3 Regular Session, 2009
4

A Bill

HOUSE BILL 1942

5 By: Representative Ingram
6
7

For An Act To Be Entitled

9 AN ACT TO ALLOW A CITY THAT ADJOINS A BORDER CITY
10 THAT IS SEPARATED BY A NAVIGABLE RIVER FROM A
11 CITY IN ANOTHER STATE TO SELL CIGARETTES AT THE
12 RATE USED BY THE BORDER CITY; AND FOR OTHER
13 PURPOSES.
14

Subtitle

15 TO ALLOW A CITY THAT ADJOINS A BORDER
16 CITY THAT IS SEPARATED BY A RIVER FROM A
17 CITY IN ANOTHER STATE TO SELL CIGARETTES
18 AT THE RATE USED BY THE BORDER CITY.
19
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 26-57-208(1), concerning the tax rate on
25 cigarettes, is amended to read as follows:

26 (1)(A) The excise or privilege tax on cigarettes sold in this
27 state is ten dollars and fifty cents (\$10.50) per one thousand (1,000)
28 cigarettes sold.

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

34 (ii) The tax shall not exceed the tax upon
35 cigarettes imposed by this subchapter.

36 (C)(i) The tax on cigarettes sold in Arkansas within three



1 hundred feet (300') of a state line or in any Arkansas city which adjoins a
 2 state line shall be at the rate imposed by law on cigarettes sold in the
 3 adjoining state.

4 (ii) The tax shall not exceed the tax upon
 5 cigarettes imposed by this subchapter.

6 (D)(i) The tax on cigarettes shall be at the rate imposed
 7 by law on cigarettes sold in the adjoining state when the cigarettes are sold
 8 in an Arkansas city or incorporated town whose corporate limits adjoin the
 9 corporate limits of an Arkansas border city.

10 (ii) As used in subdivision (1)(D)(i) of this
 11 section, "Arkansas border city" means a city which adjoins a city in another
 12 state and the adjoining Arkansas city is separated from the city in the other
 13 state by a navigable river.

14 (iii) The tax shall not exceed the tax upon
 15 cigarettes otherwise imposed under Arkansas law.

16 ~~(D)(i)~~(E)(i) The reduced border zone tax rates set forth
 17 in subdivisions ~~(1)(B) and (C)~~ (1)(B)-(D) of this section apply only to sales
 18 made at retail by Arkansas border zone retailers to actual consumers of the
 19 cigarettes.

20 (ii)(a) The sale of cigarettes by an Arkansas border
 21 zone retailer to any other retailer or wholesaler does not qualify for the
 22 reduced border zone tax rate.

23 (b) The full amount of Arkansas cigarette
 24 excise tax will be due on any cigarettes sold in such a manner;
 25

26 SECTION 2. Arkansas Code § 26-57-804(b), concerning an additional tax
 27 on cigarettes, is amended to read as follows:

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

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

34 (2)(A) The tax on cigarettes sold in Arkansas within three
 35 hundred feet (300') of a state line in any Arkansas city that adjoins a state
 36 line or in any city that is separated only by a navigable river from a city

1 that adjoins a state line shall be at the rate imposed by law on cigarettes
 2 sold in the adjoining state.

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

5 (3)(A) The tax on cigarettes shall be at the rate imposed by law
 6 on cigarettes sold in the adjoining state if the cigarettes are sold in an
 7 Arkansas city or incorporated town whose corporate limits adjoin the
 8 corporate limits of an Arkansas border city.

9 (B) As used in subdivision (b)(3)(A) of this section,
 10 “Arkansas border city” means a city which adjoins a city in another state and
 11 the adjoining Arkansas city is separated from the city in the other state by
 12 a navigable river.

13 (C) The tax shall not exceed the tax upon cigarettes
 14 otherwise imposed under Arkansas law.

15 ~~(3)(A)(4)(A)~~ A wholesaler or retailer shall not sell cigarettes
 16 to a retailer located outside a border zone described in subdivisions ~~(b)(1)~~
 17 ~~and (2)~~ (b)(1)-(3) of this section unless the full amount of tax levied by
 18 this section and §§ 26-57-208, 26-57-802, 26-57-803, and 26-57-1101 without
 19 regard to any reduced border zone rate has been paid as evidenced by
 20 cigarette stamps affixed to each container of cigarettes.

21 (B) A retailer located outside a border zone described in
 22 subdivisions ~~(b)(1) and (2)~~ (b)(1)-(3) of this section shall not possess or
 23 offer for sale cigarettes unless the full amount of tax levied by this
 24 section and §§ 26-57-208, 26-57-802, 26-57-803, and 26-57-1101 without regard
 25 to any reduced border zone rate has been paid as evidenced by cigarette
 26 stamps affixed to each container of cigarettes.

27 (C) A violation of this subdivision ~~(b)(3)~~ (b)(4) shall be
 28 grounds for the suspension or revocation of a permit or license issued by the
 29 Director of the Arkansas Tobacco Control Board.

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31 SECTION 3. Arkansas Code § 26-57-806(b)(3), of Acts 2009, No. 180, § 4
 32 concerning an additional tax on cigarettes, is amended to read as follows:

33 (3)(A) The tax on cigarettes sold in any Arkansas city or
 34 incorporated town whose corporate limits adjoin the corporate limits of an
 35 Arkansas border city shall be at the rate imposed by law on cigarettes sold
 36 in the adjoining state.

1 (B) As used in subdivision (a)(3)(A) of this section,
 2 "Arkansas border city" means a city which adjoins a city in another state and
 3 the adjoining Arkansas city is separated from the city in the other state by
 4 a navigable river.

5 (C) The tax shall not exceed the tax upon cigarettes
 6 otherwise imposed under Arkansas law.

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

13 (B) A retailer located outside a border zone described in
 14 subdivisions ~~(b)(1) and (2)~~ (b)(1)-(3) of this section shall not possess or
 15 offer for sale cigarettes unless the full amount of tax levied by this
 16 section and §§ 26-57-208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101
 17 without regard to any reduced border zone rate has been paid as evidenced by
 18 cigarette stamps affixed to each container of cigarettes.

19 (C) A violation of this subdivision ~~(b)(3)~~ (b)(4) shall be
 20 grounds for the suspension or revocation of a permit or license issued by the
 21 Director of the Arkansas Tobacco Control Board.

22
 23 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
 24 General Assembly of the State of Arkansas that the tax on cigarettes has been
 25 drastically increased; that the increase went into effect on March 1, 2009;
 26 that there are cities that adjoin border cities that are separated by a river
 27 from a city in an adjoining state; that these border cities are able to sell
 28 cigarettes at the rate of the adjoining state; and that this creates a
 29 drastic loss in cigarette sales for the cities that adjoin these border
 30 cities. Therefore, an emergency is declared to exist and this act being
 31 immediately necessary for the preservation of the public peace, health, and
 32 safety shall become effective on:

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

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

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

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