

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015

A Bill

HOUSE BILL 1156

4
5 By: Representative Blake

For An Act To Be Entitled

8 AN ACT TO IMPOSE A TAX ON E-CIGARETTES; TO CREATE THE
9 E-CIGARETTES TAX ACT; AND FOR OTHER PURPOSES.

Subtitle

12 TO IMPOSE A TAX ON E-CIGARETTES; AND TO
14 CREATE THE E-CIGARETTES TAX ACT.

16
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

18
19 SECTION 1. Arkansas Code Title 26, Chapter 57, is amended to add an
20 additional subchapter to read as follows:

21 Subchapter 15 – E-cigarette Excise Tax Act

22
23 26-57-1501. Title.

24 This subchapter shall be known as the “E-cigarette Excise Tax Act”.

25
26 26-57-1502. Definitions.

27 As used in this subchapter:

28 (1) “Consumable product” means a nicotine liquid solution or
29 other material containing nicotine that is depleted as an e-cigarette is
30 used; and

31 (2) “E-cigarette” means an electronic oral device that provides
32 a vapor of nicotine or another substance that, when used or inhaled,
33 simulates smoking, including without limitation a device that:

34 (A) Is composed of a:

35 (i) Heating element;

36 (ii) Battery;



1 (iii) Electronic circuit; or
 2 (iv) Combination of a heating element, battery, or
 3 electronic circuit;

4 (B) Works in combination with a consumable product
 5 delivery device that is:

6 (i) Composed in whole or in part of pure nicotine;
 7 and

8 (ii) Manufactured for use with e-cigarettes; and

9 (C) Is manufactured, distributed, marketed, or sold as an
 10 e-cigarette, e-cigar, e-pipe, or under any other product name or descriptor.

11
 12 26-57-1503. Administration.

13 This subchapter shall be administered in accordance with the Arkansas
 14 Tax Procedure Act, § 26-18-101 et seq., unless otherwise provided.

15
 16 26-57-1504. Levy of tax.

17 There is levied an excise tax on e-cigarettes sold in this state in the
 18 amount of seven and one-half cents (7 1/2¢) per fluid milliliter (ml) of
 19 consumable product sold.

20
 21 26-57-1505. Collection and reporting of taxes.

22 (a) The excise tax levied under this subchapter shall be paid by:

23 (1) The distributor, wholesaler, or manufacturer when the
 24 consumable product is sold; or

25 (2) The retailer if the retailer purchases a consumable product
 26 from an unlicensed distributor, wholesaler, or manufacturer.

27 (b) The distributor, wholesaler, manufacturer, or retailer shall file
 28 a monthly return and remit the excise tax for the month to the Director of
 29 the Department of Finance and Administration on or before the fifteenth day
 30 of the month next following the month in which the sale or purchase was made.

31 (c)(1) A return filed under this section shall be made on the forms
 32 prescribed and furnished by the director and signed by the person required to
 33 collect and remit the excise tax or the person's agent.

34 (2) The return shall contain the information required by the
 35 director for the proper administration of this subchapter.

36 (d)(1) The director may assess a penalty of ten percent (10%) of the

1 excise tax due for the taxpayer's failure to file a report, for the
2 taxpayer's failure to remit the excise taxes at the time required, or for
3 both.

4 (2) If the payment of the excise tax due becomes delinquent, the
5 taxpayer shall remit the full amount of the excise tax due plus the penalty
6 assessed.

7
8 26-57-1506. Invoices.

9 (a) The excise tax levied under this subchapter shall be separately
10 stated and identified on each invoice or statement as the "E-cigarette Excise
11 Tax".

12 (b) Each invoice shall state the amount of consumable product sold in
13 fluid milliliters (ml).

14 (c) Copies of all invoices for the purchase or sale of e-cigarettes
15 shall be retained by each manufacturer, wholesaler, vendor, and retailer for
16 a period of three (3) years subject to examination by the Director of the
17 Department of Finance and Administration or his or her authorized agent upon
18 demand at any time during regular business hours.

19
20 26-57-1507. Licenses.

21 (a) A distributor, wholesaler, or manufacturer of e-cigarettes or
22 consumable products, whether located within or without the State of Arkansas,
23 that sells or offers e-cigarettes or consumable products for sale to retail
24 dealers within the state shall obtain a license for the privilege of
25 conducting such business within the State of Arkansas from the Director of
26 the Department of Finance and Administration.

27 (b) A retailer that purchases e-cigarettes or consumable products from
28 an unlicensed manufacturer, wholesaler, or distributor shall obtain a license
29 for the privilege of conducting such business from the director.

30 (c) A person required to obtain a license under this subchapter shall
31 obtain a license for each place of business owned or operated by the person.

32 (d) The license shall be conspicuously displayed at the place of
33 business for which it was issued.

34
35 26-57-1508. Disposition of revenues.

36 The revenues derived from the excise tax collected under this

1 subchapter shall be remitted to the Treasurer of State, who shall deposit the
 2 revenues into the State Treasury to be distributed as follows:

3 (1) Twenty-five percent (25%) shall be credited to the Child
 4 Care and Early Childhood Education Fund Account of the Department of Human
 5 Services Fund;

6 (2) Twenty-five percent (25%) shall be credited to the Aging and
 7 Adult Services Fund Account of the Department of Human Services Fund;

8 (3) Twenty-five percent (25%) shall be credited to the
 9 Department of Veterans Affairs' cash fund deposited into the State Treasury;
 10 and

11 (4) Twenty-five percent (25%) shall be general revenues and
 12 shall be credited to the State Apportionment Fund.

13
 14 26-57-1509. Rules.

15 The Director of the Department of Finance and Administration shall
 16 promulgate rules to implement this subchapter.

17
 18 SECTION 2. Arkansas Code § 19-5-306(7)(B), concerning the funds that
 19 make up the Aging and Adult Services Fund Account of the Department of Human
 20 Services Fund, is amended to add an additional subdivision to read as
 21 follows:

22 (vi) The revenues specified under § 26-57-1508;

23
 24 SECTION 3. Arkansas Code § 19-5-306(12)(B), concerning the funds that
 25 make up the Child Care and Early Childhood Education Fund Account of the
 26 Department of Human Services Fund, is amended to add an additional
 27 subdivision to read as follows:

28 (iv) The revenues specified under § 26-57-1508.

29
 30 SECTION 4. EFFECTIVE DATE. Sections 1 through 3 of this act are
 31 effective on the first day of the second calendar month following the
 32 effective date of this act.