

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017

A Bill

HOUSE BILL 1580

4
5 By: Representative House

For An Act To Be Entitled

6
7
8 AN ACT TO AMEND ARKANSAS CONSTITUTION, AMENDMENT 98,
9 ALSO KNOWN AS THE "ARKANSAS MEDICAL MARIJUANA
10 AMENDMENT OF 2016" TO PROVIDE FOR A SPECIAL PRIVILEGE
11 TAX; TO CREATE THE ARKANSAS MEDICAL MARIJUANA SPECIAL
12 PRIVILEGE TAX ACT OF 2017; TO LEVY A SPECIAL
13 PRIVILEGE TAX ON MEDICAL MARIJUANA; TO DECLARE AN
14 EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

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18 TO AMEND THE ARKANSAS MEDICAL MARIJUANA
19 AMENDMENT OF 2016 TO PROVIDE FOR A
20 SPECIAL PRIVILEGE TAX; TO LEVY A SPECIAL
21 PRIVILEGE TAX ON MEDICAL MARIJUANA; AND
22 TO DECLARE AN EMERGENCY.

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

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27 SECTION 1. Pursuant to § 23 of Arkansas Constitution, Amendment 98,
28 also known as the "Arkansas Medical Marijuana Amendment of 2016", Arkansas
29 Constitution, Amendment 98, § 17(a) and the introductory language of § 17(b),
30 concerning taxation and the distribution of proceeds, are amended to read as
31 follows:

32 (a)(1) The sale of usable marijuana is subject to all state and local
33 sales taxes at the same rate as other ~~goods~~, tangible personal property.

34 (2) The sale of usable marijuana is also subject to the Arkansas
35 Medical Marijuana Special Privilege Tax Act of 2017, Ark. Code § 26-57-1501
36 et seq., or its successor.



1 (b) The ~~states~~ state sales and special privilege tax revenues received
 2 by the Department of Finance and Administration from the sale of usable
 3 marijuana under this amendment shall be distributed as follows:

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 5 SECTION 2. Arkansas Code Title 26, Chapter 57, is amended to add an
 6 additional subchapter to read as follows:

7 Subchapter 15 – Arkansas Medical Marijuana Special Privilege Tax Act of 2017

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 9 26-57-1501. Title.

10 This subchapter shall be known and may be cited as the “Arkansas
 11 Medical Marijuana Special Privilege Tax Act of 2017”.

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 13 26-57-1502. Administration of law.

14 The provisions of this subchapter are subject to the provisions of the
 15 Arkansas Tax Procedure Act, § 26-18-101 et seq., as those provisions apply to
 16 the administration of this subchapter by the Director of the Department of
 17 Finance and Administration, including without limitation the provisions
 18 regarding interest and penalty on delinquent taxes.

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 20 26-57-1503. Definitions.

21 As used in this subchapter:

22 (1) “Cultivation facility” means an entity that:

23 (A) Has been licensed by the Medical Marijuana Commission
 24 under Arkansas Constitution, Amendment 98, § 8, as amended by Acts 2017, No.
 25 4; and

26 (B) Cultivates, prepares, manufactures, processes,
 27 packages, sells, and delivers usable marijuana to a dispensary;

28 (2) “Dispensary” means an entity that has been licensed by the
 29 Medical Marijuana Commission under Arkansas Constitution, Amendment 98, § 8,
 30 as amended by Acts 2017, No. 4;

31 (3) “Marijuana business” means any other entity licensed by the
 32 Medical Marijuana Commission under Arkansas Constitution, Amendment 98, to
 33 handle, process, transport, possess, or distribute medical marijuana; and

34 (4) “Usable marijuana” means the stalks, seeds, roots, dried
 35 leaves, flowers, oils, vapors, waxes, and other portions of the marijuana
 36 plant and any mixture or preparation thereof.

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2 26-57-1504. Levy of tax.

3 A cultivation facility, dispensary, or other marijuana business shall
4 collect and remit a special privilege tax of four percent (4%) from the gross
5 receipts or gross proceeds derived from each sale of usable marijuana on
6 forms and in a manner specified by the Director of the Department of Finance
7 and Administration.

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9 26-57-1505. Remittance of tax.

10 (a) The tax levied by § 26-57-1504 shall be paid by the cultivation
11 facility, dispensary, or other marijuana business when the usable marijuana
12 is sold.

13 (b) The cultivation facility, dispensary, or other marijuana business
14 subject to this tax shall file a monthly return and remit the tax for the
15 month to the Director of the Department of Finance and Administration on or
16 before the twentieth day of the month next following the month in which the
17 sale or purchase was made.

18 (c)(1) The return shall be filed with the Department of Finance and
19 Administration through the Arkansas Taxpayer Access Point electronic filing
20 system, or its successor.

21 (2) The return shall contain such information as the director
22 requires for the proper administration of this subchapter.

23 (3) Payment shall be made through the Arkansas Taxpayer Access
24 Point, or its successor, when cultivation facilities, dispensaries, or other
25 marijuana businesses are authorized to use federal banking systems.

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27 26-57-1506. Rules.

28 The Department of Finance and Administration may promulgate rules to
29 administer this subchapter.

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31 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
32 General Assembly of the State of Arkansas that the Medical Marijuana
33 Commission will begin accepting applications for the licensing of cultivation
34 facilities and dispensaries on July 1, 2017, which will begin the
35 implementation of the use of medical marijuana in the state; that additional
36 funding is needed to ensure that the implementation of the Arkansas Medical

1 Marijuana Amendment of 2016 is revenue neutral; and that this act is
2 necessary because it is in the best interests of the state to increase
3 Arkansas's ability to impose a special privilege tax on cultivation
4 facilities and dispensaries to relieve the burden on the state of
5 implementing the Arkansas Medical Marijuana Amendment of 2016. Therefore, an
6 emergency is declared to exist, and this act being necessary for the
7 preservation of the public peace, health, and safety shall become effective
8 on July 1, 2017.

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