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2 92nd General Assembly
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4

As Engrossed: H3/5/19

A Bill

HOUSE BILL 1565

5 By: Representatives A. Davis, *M. Gray*
6 By: Senators J. Dismang, *Irvin*
7

For An Act To Be Entitled

9 AN ACT TO PROVIDE FUNDING FOR A NATIONAL CANCER
10 INSTITUTE-DESIGNATED CANCER CENTER IN THE STATE
11 THROUGH CHANGES IN THE LAWS RELATING TO THE SALE AND
12 TAXATION OF CERTAIN PRODUCTS; TO REGULATE THE SALE
13 AND TAXATION OF TOBACCO PRODUCTS, CIGARETTE PAPER,
14 AND E-CIGARETTES; TO AMEND THE UNFAIR CIGARETTE SALES
15 ACT; TO AMEND THE AGE AT WHICH A PERSON MAY PURCHASE
16 TOBACCO PRODUCTS, CIGARETTE PAPER, ALTERNATIVE
17 NICOTINE PRODUCTS, AND E-CIGARETTES; TO AMEND THE
18 ARKANSAS TOBACCO PRODUCTS TAX ACT OF 1977; TO CREATE
19 AN ADDITIONAL TAX ON CIGARETTE PAPER; *TO REPEAL THE*
20 *BORDER ZONE TAX RATES FOR CIGARETTES*; TO DEDICATE THE
21 ADDITIONAL TAX REVENUE TO THE UNIVERSITY OF ARKANSAS
22 FOR MEDICAL SCIENCES NATIONAL CANCER INSTITUTE
23 DESIGNATION TRUST FUND TO ASSIST THE UNIVERSITY OF
24 ARKANSAS FOR MEDICAL SCIENCES IN OBTAINING STATUS AS
25 A NATIONAL CANCER INSTITUTE-DESIGNATED CANCER CENTER;
26 AND FOR OTHER PURPOSES.

Subtitle

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30 TO PROVIDE FUNDING FOR A NATIONAL CANCER
31 INSTITUTE-DESIGNATED CANCER CENTER IN THE
32 STATE THROUGH CHANGES IN THE LAWS
33 RELATING TO THE SALE AND TAXATION OF
34 TOBACCO PRODUCTS, CIGARETTE PAPER, AND E-
35 CIGARETTES.
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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 4-75-702(4)(B), concerning the definition of "cost to retailer" used under the Unfair Cigarette Sales Act, is amended to read as follows:

(B) In the absence of the filing with the Arkansas Tobacco Control Board of proof satisfactory to the board of a lesser or higher cost of doing business by the retailer making the sale, the cost of doing business by the retailer shall be presumed to be ~~seven and one half percent (7½%)~~ nine and five-tenths percent (9.5%) of the basic cost of cigarettes to the retailer.

SECTION 2. Arkansas Code § 5-27-227(b)(1)(B), concerning the prohibition of minors purchasing, using, or possessing tobacco products, vapor products, alternative nicotine products, e-liquid products, and cigarette papers, is amended to read as follows:

(B) For the purpose of obtaining or attempting to obtain tobacco in any form, a vapor product, alternative nicotine product, e-liquid product, any component of a vapor product, alternative nicotine product, or e-liquid product, or cigarette papers, falsely represent himself or herself ~~to be eighteen (18) years of age or older~~ not to be a minor by displaying proof of age that is false, fraudulent, or not actually proof of the minor's age.

SECTION 3. Arkansas Code § 5-27-227, concerning the prohibition of minors purchasing, using, or possessing tobacco products, vapor products, alternative nicotine products, e-liquid products, and cigarette papers, is amended to add an additional subsection to read as follows:

(m)(1) As used in this section, "minor" means a person who is under twenty-one (21) years of age.

(2) "Minor" does not include a person who:

(A) Is under twenty-one (21) years of age if the person presents a military identification card establishing that he or she is a member of the United States Armed Forces; or

(B) Has attained nineteen (19) years of age as of December

1 31, 2019.

2
3 SECTION 4. Arkansas Code § 5-78-102 is amended to read as follows:
4 5-78-102. Possession of cigarette or tobacco product, vapor product,
5 alternative nicotine product, or e-liquid product by minor – Confiscation –
6 Additional punishment – Definition.

7 (a)(1) As used in this section, "minor" means a person who is under
8 twenty-one (21) years of age.

9 (2) "Minor" does not include a person who:

10 (A) Is under twenty-one (21) years of age if the person
11 presents a military identification card establishing that he or she is a
12 member of the United States Armed Forces; or

13 (B) Has attained nineteen (19) years of age as of December
14 31, 2019.

15 (b) A cigarette or tobacco product, vapor product, alternative
16 nicotine product, or e-liquid product found in the possession of a ~~person~~
17 ~~under eighteen (18) years of age~~ minor may be confiscated by a certified law
18 enforcement officer or a school official and immediately destroyed.

19 ~~(b)(c)~~ If a minor who is found by a court to be in violation of ~~any a~~
20 criminal statute is also found to have been in possession of a cigarette or
21 tobacco product, vapor product, alternative nicotine product, or e-liquid
22 product at the time of the violation of the criminal statute, the court may
23 order the minor to perform up to three (3) hours of community service and to
24 enroll in a tobacco education program, in addition to any other punishment
25 imposed by the court for the violation of the criminal statute.

26 ~~(e)(1)(d)(1)~~ Any additional punishment ordered by the court under
27 subsection ~~(b)~~ (c) of this section is not a criminal offense and shall not be
28 recorded as a criminal offense in the records of this state.

29 (2) All records of a proceeding under this section shall be
30 permanently expunged from any record created or maintained by any agency,
31 department, county, or municipality.

32
33 SECTION 5. Arkansas Code § 9-25-101(b), concerning the age of majority
34 and exceptions to the age of majority, is amended to read as follows:

35 (b)(1) Any law of the State of Arkansas that presently requires a
36 person to be of a minimum age of twenty-one (21) years to enjoy any privilege

1 or right or to do any act or to participate in any event, election, or other
2 activity shall be deemed to require that person to be of a minimum age of
3 eighteen (18) years.

4 (2) However, this section shall not repeal, amend, or otherwise
5 affect any existing laws concerning or in any way relating to beer, wines,
6 spirituous, vinous, malt liquors, or other alcoholic beverages, tobacco
7 products, vapor products, alternative nicotine products, e-liquid products,
8 or cigarette papers, and the sale thereof to persons under twenty-one (21)
9 years of age.

10
11 SECTION 6. Arkansas Code § 19-5-202(b)(2)(B)(iii), concerning
12 distributions from the General Revenue Fund Account, is amended to read as
13 follows:

14 (iii)(a) Next, the Director of the Department of
15 Finance and Administration shall certify the amount distributed to the
16 General Revenue Fund Account of the State Apportionment Fund from the sales
17 tax and the special privilege tax on medical marijuana under § 17(c) of the
18 Arkansas Medical Marijuana Amendment of 2016, Arkansas Constitution,
19 Amendment 98, for the month.

20 (b) The Treasurer of State shall then deduct
21 an amount equal to the amount certified under subdivision (b)(2)(B)(iii)(a)
22 of this section from the General Revenue Fund Account of the State
23 Apportionment Fund and transfer the amount to the University of Arkansas for
24 Medical Sciences National Cancer Institute Designation Trust Fund; and

25 (iv) The remaining revenue, known as general
26 revenues available for distribution, in the General Revenue Fund Account of
27 the State Apportionment Fund shall be distributed as provided by this chapter
28 to the various funds and fund accounts as created and established in § 19-5-
29 301 et seq. and to any other fund or fund account as may be authorized by
30 law. The Treasurer of State, after distributing the general revenues
31 available for distribution due each fund or fund account, shall deduct the
32 amount of any advance transfers made during the month from the distribution
33 to each applicable fund or fund account.

34
35 SECTION 7. Arkansas Code § 26-57-208(1), concerning the excise tax
36 levied on cigarettes and other tobacco products, is amended to read as

1 follows:

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

5 ~~(B)(i) Whenever there are two (2) adjoining cities each~~
6 ~~with a population of five thousand (5,000) or more separated by a state line,~~
7 ~~the tax on cigarettes sold in the adjoining Arkansas city shall be at the~~
8 ~~rate imposed by law on cigarettes sold in the adjoining city outside of~~
9 ~~Arkansas.~~

10 ~~(ii) The tax shall not exceed the tax upon~~
11 ~~cigarettes imposed by this subchapter.~~

12 ~~(C)(i) The tax on cigarettes sold in Arkansas within three~~
13 ~~hundred feet (300') of a state line or in any Arkansas city that adjoins a~~
14 ~~state line shall be at the rate imposed by law on cigarettes sold in the~~
15 ~~adjoining state.~~

16 ~~(ii) The tax shall not exceed the tax upon~~
17 ~~cigarettes imposed by this subchapter.~~

18 ~~(D)(i) The tax on cigarettes shall be at the rate imposed~~
19 ~~by law on cigarettes sold in the adjoining state when the cigarettes are sold~~
20 ~~in an Arkansas city or incorporated town whose corporate limits adjoin the~~
21 ~~corporate limits of an Arkansas border city.~~

22 ~~(ii) As used in subdivision (1)(D)(i) of this~~
23 ~~section, "Arkansas border city" means a city that is entitled to the border~~
24 ~~zone cigarette tax rate and is separated by a navigable river from a city in~~
25 ~~the other state that is located in a metropolitan statistical area designated~~
26 ~~by the United States Bureau of the Census with a population of at least one~~
27 ~~million (1,000,000).~~

28 ~~(iii) The tax shall not exceed the tax upon~~
29 ~~cigarettes otherwise imposed under Arkansas law.~~

30 ~~(E)(i) The reduced border zone tax rates set forth in~~
31 ~~subdivisions (1)(B) (D) of this section apply only to sales made at retail by~~
32 ~~Arkansas border zone retailers to actual consumers of the cigarettes.~~

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

36 ~~(b) The full amount of Arkansas cigarette~~

1 ~~excise tax will be due on any cigarettes sold in such a manner;~~

2
3 SECTION 8. Arkansas Code § 26-57-256(f)-(h), concerning the powers of
4 the Arkansas Tobacco Control Board, are amended to read as follows:

5 (f) The board may consider the following factors when reviewing a
6 possible violation:

7 (1) The business has adopted and enforced a written policy
8 against selling cigarettes, tobacco products, vapor products, alternative
9 nicotine products, or e-liquid products to ~~persons less than eighteen (18)~~
10 ~~years of age~~ minors;

11 (2) The business has informed its employees of the applicable
12 laws regarding the sale of cigarettes, tobacco products, vapor products,
13 alternative nicotine products, or e-liquid products to ~~persons less than~~
14 ~~eighteen (18) years of age~~ minors;

15 (3) The business required employees to verify the age of
16 cigarette, tobacco product, vapor product, alternative nicotine product, e-
17 liquid product, or e-liquid customers by way of photographic identification;

18 (4) The business has established and imposed disciplinary
19 sanctions for noncompliance; and

20 (5) The appearance of the purchaser of the tobacco in any form,
21 vapor products, alternative nicotine product, or cigarette papers was such
22 that an ordinary prudent person would believe him or her to be of legal age
23 to make the purchase.

24 (g)(1) A penalty under subsection (d) of this section for a violation
25 of § 5-27-227 shall not be imposed upon a retailer or agent or employee of a
26 retailer who can establish an affirmative defense that before the date of the
27 violation the retailer or agent or employee of the retailer furnishing the
28 tobacco in any form, vapor products, alternative nicotine products, e-liquid
29 products, or cigarette papers reasonably relied upon proof of age that
30 identified the person receiving the tobacco in any form, vapor products,
31 alternative nicotine products, e-liquid products, or cigarette papers as
32 ~~being eighteen (18) years of age or older~~ not being a minor.

33 (2) As used in this section, "proof of age" means any document
34 issued by a governmental agency containing a description of the person or the
35 person's photograph, or both, and giving the person's date of birth and
36 includes without limitation a passport, military identification card, or

1 driver's license.

2 (h) Any cigarettes, tobacco products, vapor products, alternative
3 nicotine products, or e-liquid products found in the possession of a ~~person~~
4 ~~less than eighteen (18) years of age~~ minor may be confiscated.

5

6 SECTION 9. Arkansas Code § 26-57-256, concerning the powers of the
7 Arkansas Tobacco Control Board, is amended to add an additional subsection to
8 read as follows:

9 (1)(1) As used in this section, "minor" means a person who is under
10 twenty-one (21) years of age.

11 (2) "Minor" does not include a person who:

12 (A) Is under twenty-one (21) years of age if the person
13 presents a military identification card establishing that he or she is a
14 member of the United States Armed Forces; or

15 (B) Has attained nineteen (19) years of age as of December
16 31, 2019.

17

18 SECTION 10. Arkansas Code § 26-57-257(r), concerning the Director of
19 Arkansas Tobacco Control, is amended to read as follows:

20 (r) The enforcement of state laws relating to the prohibition of the
21 barter or sale of tobacco in any form, vapor products, alternative nicotine
22 products, e-liquid products, or cigarette papers to ~~minors~~ a minor, as
23 defined in § 26-57-256, by multiple state agencies shall be coordinated to
24 avoid duplicative inspections of the same retailer by multiple state
25 agencies.

26

27 SECTION 11. Arkansas Code § 26-57-259(a), concerning nonpreemption
28 under the Arkansas Tobacco Products Tax Act of 1977, is amended to read as
29 follows:

30 (a)(1) This ~~act~~ subchapter and the rules and other actions of the
31 Arkansas Tobacco Control Board shall not be construed or interpreted so as to
32 preempt or in any other manner qualify or limit the enactment and enforcement
33 of any federal, or state, ~~county, municipal, or other local~~ regulation of the
34 manufacture, sale, storage, or distribution of tobacco products that is more
35 restrictive than this ~~act~~ subchapter or the rules and regulations promulgated
36 by the board.

1 (2)(A) This subchapter and the rules and other actions of the
2 board shall preempt the enactment and enforcement of any county, municipal,
3 or other local regulation of the manufacture, sale, storage, or distribution
4 of tobacco products that is more restrictive than this subchapter or the
5 rules promulgated by the board.

6 (B) A county, municipal, or other local regulation of the
7 manufacture, sale, storage, or distribution of tobacco products that is more
8 restrictive than this subchapter or the rules promulgated by the board and
9 that has been enacted as of the effective date of this act is not preempted
10 under this subdivision (a)(2).

11
12 SECTION 12. Arkansas Code § 26-57-259(c), concerning nonpreemption of
13 the Arkansas Tobacco Control Board, is amended to read as follows:

14 (c) ~~Nothing in this act nor any rule~~ This subchapter and the rules of
15 the board shall not be construed or interpreted so as to require ~~any~~ a state,
16 county, municipal, or other local authority to exhaust any administrative
17 remedies through the board, including without limitation the right to seize
18 and forward to the board the state license of ~~any~~ a vendor or retailer found
19 to have illegally sold tobacco products, vapor products, alternative nicotine
20 products, or e-liquid products to a ~~person less than eighteen (18) years of~~
21 age minor, as defined in § 26-57-256, provided that the vendor or retailer
22 shall be given a hearing before the board at the board's next regularly
23 scheduled meeting.

24
25 SECTION 13. Arkansas Code Title 26, Chapter 57, Subchapter 2, is
26 amended to add an additional section to read as follows:

27 26-57-268. Modified risk tobacco products – Reduced rate of taxation.
28 Notwithstanding any other provision of the law to the contrary, a tax
29 imposed under this chapter shall be reduced by the following amounts:

30 (1) Fifty percent (50%) for a product for which a modified risk
31 tobacco product order has been issued by the United States Secretary of
32 Health and Human Services under 21 U.S.C. § 387k(g)(1), as it existed on
33 January 1, 2019; and

34 (2) Twenty-five percent (25%) for a product for which a modified
35 risk tobacco product order has been issued by the United States Secretary of
36 Health and Human Services under 21 U.S.C. § 387k(g)(2), as it existed on

1 January 1, 2019.

2
3 SECTION 14. Arkansas Code § 26-57-802(b), concerning an additional tax
4 levied on cigarettes, is repealed.

5 ~~(b)(1) The additional tax levied in this section shall also be~~
6 ~~applicable to cigarettes sold in Arkansas within three hundred feet (300') of~~
7 ~~a state line or in any city that adjoins a state line. It is the intent of~~
8 ~~this section that the rate of tax on cigarettes sold in Arkansas within three~~
9 ~~hundred feet (300') of a state line or in any Arkansas city that adjoins a~~
10 ~~state line shall be:~~

11 ~~(A) The rate imposed by law on cigarettes sold in the~~
12 ~~adjoining state plus the fifty cents (50¢) per one thousand (1,000)~~
13 ~~cigarettes levied in this section and cited in § 26-57-803(a)(2); or~~

14 ~~(B) The rate imposed by law on cigarettes sold in the~~
15 ~~adjoining state plus the twenty-five cents (25¢) per one thousand (1,000)~~
16 ~~cigarettes levied in this section and cited in § 26-57-803(a)(3).~~

17 ~~(2) The rate shall not exceed the total tax levied on cigarettes~~
18 ~~in this state.~~

19
20 SECTION 15. Arkansas Code § 26-57-803(a), concerning an additional tax
21 levied on cigarettes and other tobacco products, is amended to read as
22 follows:

23 ~~(a)(1)~~ In addition to the excise or privilege taxes levied under §§
24 26-57-208 and 26-57-802, there is levied a tax of four dollars and seventy-
25 five cents (\$4.75) per one thousand (1,000) cigarettes sold in the state.

26 ~~(2) Whenever there are two (2) adjoining cities, each with a~~
27 ~~population of five thousand (5,000) or more separated by a state line, the~~
28 ~~tax on cigarettes sold in the adjoining Arkansas city shall be at the rate~~
29 ~~imposed by law on cigarettes sold in the adjoining city outside of Arkansas~~
30 ~~plus the fifty cents (50¢) per one thousand (1,000) cigarettes presently~~
31 ~~imposed by § 26-57-802. The tax shall not exceed the tax upon cigarettes~~
32 ~~imposed by this subchapter.~~

33 ~~(3) The tax on cigarettes sold in Arkansas within three hundred~~
34 ~~feet (300') of a state line, in any Arkansas city which adjoins a state line,~~
35 ~~or in any city that is separated only by a navigable river from a city that~~
36 ~~adjoins a state line shall be at the rate imposed by law on cigarettes sold~~

1 ~~in the adjoining state plus the twenty five cents (25¢) per one thousand~~
2 ~~(1,000) cigarettes presently imposed by § 26-57-802. The tax shall not exceed~~
3 ~~the tax upon cigarettes imposed by this subchapter.~~

4 ~~(4)(A) The tax on cigarettes shall be at the rate imposed by law~~
5 ~~on cigarettes sold in the adjoining state plus the additional tax levied by §~~
6 ~~26-57-802 when the cigarettes are sold in an Arkansas city or incorporated~~
7 ~~town whose corporate limits adjoin the corporate limits of an Arkansas border~~
8 ~~city.~~

9 ~~(B) As used in subdivision (a)(4)(A) of this section,~~
10 ~~“Arkansas border city” means a city that is entitled to the border zone~~
11 ~~cigarette tax rate and is separated by a navigable river from a city in the~~
12 ~~other state that is located in a metropolitan statistical area designated by~~
13 ~~the United States Bureau of the Census with a population of at least one~~
14 ~~million (1,000,000).~~

15 ~~(C) The tax shall not exceed the tax upon cigarettes~~
16 ~~otherwise imposed under Arkansas law.~~

17
18 SECTION 16. Arkansas Code § 26-57-804(b), concerning an additional tax
19 levied on cigarettes, is repealed.

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

24 ~~(B) The tax shall not exceed the tax upon cigarettes~~
25 ~~imposed by Arkansas law.~~

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

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

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

1 ~~(B) As used in subdivision (b)(3)(A) of this section,~~
2 ~~“Arkansas border city” means a city that is entitled to the border zone~~
3 ~~cigarette tax rate and is separated by a navigable river from a city in the~~
4 ~~other state that is located in a metropolitan statistical area designated by~~
5 ~~the United States Bureau of the Census with a population of at least one~~
6 ~~million (1,000,000).~~

7 ~~(C) The tax shall not exceed the tax upon cigarettes~~
8 ~~otherwise imposed under Arkansas law.~~

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

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

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

24
25 SECTION 17. Arkansas Code § 26-57-806(b), concerning an additional tax
26 levied on cigarettes, is repealed.

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

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

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

1 ~~sold in the adjoining state.~~

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

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

8 ~~(B) As used in subdivision (b)(3)(A) of this section,~~
9 ~~“Arkansas border city” means a city which is entitled to the border zone~~
10 ~~cigarette tax rate and is separated by a navigable river from the city in the~~
11 ~~other state that is located in a metropolitan statistical area designated by~~
12 ~~the United States Bureau of the Census with a population of at least one~~
13 ~~million (1,000,000).~~

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

16 ~~(4)(A) A wholesaler or retailer shall not sell cigarettes to a~~
17 ~~retailer located outside a border zone described in subdivisions (b)(1)-(3)~~
18 ~~of this section unless the full amount of tax levied by this section and §§~~
19 ~~26-57-208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101 without regard to~~
20 ~~any reduced border zone rate has been paid as evidenced by cigarette stamps~~
21 ~~affixed to each container of cigarettes.~~

22 ~~(B) A retailer located outside a border zone described in~~
23 ~~subdivisions (b)(1)-(3) of this section shall not possess or offer for sale~~
24 ~~cigarettes unless the full amount of tax levied by this section and §§ 26-57-~~
25 ~~208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101 without regard to any~~
26 ~~reduced border zone rate has been paid as evidenced by cigarette stamps~~
27 ~~affixed to each container of cigarettes.~~

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

31
32 SECTION 18. Arkansas Code Title 26, Chapter 57, Subchapter 8, is
33 amended to add an additional section to read as follows:

34 26-57-808. Additional tax on cigarette paper – Distribution of
35 revenues.

36 (a) In addition to the excise tax levied under § 26-57-801, there is

1 levied an additional tax of fifty cents (50¢) per package of thirty-two (32)
2 sheets of cigarette paper sold in the state.

3 (b) The additional tax levied under this section shall be imposed,
4 reported, remitted, and administered in the same manner and at the same time
5 as other taxes levied on cigarette paper under this subchapter and the
6 Arkansas Tobacco Products Tax Act of 1977, § 26-57-201 et seq.

7 (c) The revenues collected under this section shall be special
8 revenues and shall be credited to the University of Arkansas for Medical
9 Sciences National Cancer Institute Designation Trust Fund.

10
11 SECTION 19. EFFECTIVE DATE. Sections 2-18 of this act are effective
12 on the first day of the second calendar month following the effective date of
13 this act.

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15 /s/A. Davis
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