

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021  
4

# A Bill

SENATE BILL 337

5 By: Senator Bledsoe  
6 By: Representatives Bryant, McKenzie  
7

## For An Act To Be Entitled

9 AN ACT TO REINSTATE THE BORDER CITY TAX RATE FOR  
10 CIGARETTES AND OTHER TOBACCO PRODUCTS; AND FOR OTHER  
11 PURPOSES.  
12  
13

## Subtitle

15 AN ACT TO REINSTATE THE BORDER CITY TAX  
16 RATE FOR CIGARETTES AND OTHER TOBACCO  
17 PRODUCTS.  
18  
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
21

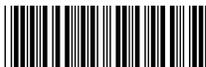
22 SECTION 1. Arkansas Code § 26-57-208(1), concerning the excise tax  
23 levied on cigarettes and other tobacco products, is amended to read as  
24 follows:

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

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

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

34 (C)(i) The tax on cigarettes sold in Arkansas within three  
35 hundred feet (300') of a state line or in any Arkansas city that adjoins a  
36 state line shall be at the rate imposed by law on cigarettes sold in the



1 adjoining state.

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

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

8 (ii) As used in subdivision (1)(D)(i) of this section,  
 9 “Arkansas border city” means a city that is entitled to the border zone  
 10 cigarette tax rate and is separated by a navigable river from a 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 (iii) The tax shall not exceed the tax upon cigarettes  
 15 otherwise imposed under Arkansas law.

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

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

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

24  
 25 SECTION 2. Arkansas Code § 26-57-802(a), concerning an additional tax  
 26 levied on cigarettes, is amended to read as follows:

27 (a)(1) In addition to any other taxes levied on cigarettes, there is  
 28 levied a tax of fifty cents (50¢) per one thousand (1,000) cigarettes sold in  
 29 the state.

30 (2) The additional tax levied in this section also applies to  
 31 cigarettes sold in Arkansas within three hundred feet (300’) of a state line  
 32 or in any city that adjoins a state line.

33 (3) Cigarettes sold in Arkansas within three hundred feet (300’)  
 34 of a state line or in any Arkansas city that adjoins a state line shall be  
 35 taxed at the following rates:

36 (A) The rate imposed by law on cigarettes sold in the

1 adjoining state plus the fifty cents (50¢) per one thousand (1,000)  
 2 cigarettes levied in this section and cited in § 26-57-803(a)(2); or

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

6 (2) The rate shall not exceed the total tax levied on cigarettes  
 7 in this state.

8  
 9 SECTION 3. Arkansas Code § 26-57-803(a), concerning an additional tax  
 10 levied on cigarettes and other tobacco products, is amended to read as  
 11 follows:

12 (a)(1) In addition to the excise or privilege taxes levied under §§  
 13 26-57-208 and 26-57-802, there is levied a tax of four dollars and seventy-  
 14 five cents (\$4.75) per one thousand (1,000) cigarettes sold in the state.

15 (2) When two (2) or more adjoining cities each have a population  
 16 of five thousand (5,000) or more and are separated by a state line, the tax  
 17 on cigarettes sold in the adjoining Arkansas city shall be at the rate  
 18 imposed by law on cigarettes sold in the adjoining city outside of Arkansas  
 19 plus the fifty cents (50¢) per one thousand (1,000) cigarettes presently  
 20 imposed by § 26-57-802. The tax shall not exceed the tax upon cigarettes  
 21 imposed by this subchapter.

22 (3) The tax on cigarettes sold in Arkansas within three hundred  
 23 feet (300') of a state line, in any Arkansas city which adjoins a state line,  
 24 or in any city that is separated only by a navigable river from a city that  
 25 adjoins a state line shall be at the rate imposed by law on cigarettes sold  
 26 in the adjoining state plus the twenty-five cents (25¢) per one thousand  
 27 (1,000) cigarettes presently imposed by § 26-57-802. The tax shall not exceed  
 28 the tax upon cigarettes imposed by this subchapter.

29 (4)(A) The tax on cigarettes shall be at the rate imposed by law  
 30 on cigarettes sold in the adjoining state plus the additional tax levied by §  
 31 26-57-802 when the cigarettes are sold in an Arkansas city or incorporated  
 32 town whose corporate limits adjoin the corporate limits of an Arkansas border  
 33 city.

34 (B) As used in subdivision (a)(4)(A) of this section,  
 35 “Arkansas border city” means a city that is entitled to the border zone  
 36 cigarette tax rate and is separated by a navigable river from a city in the

1 other state that is located in a metropolitan statistical area designated by  
2 the United States Bureau of the Census with a population of at least one  
3 million (1,000,000).

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

6  
7 SECTION 4. Arkansas Code § 26-57-804(a), concerning an additional tax  
8 levied on cigarettes, is amended to read as follows:

9 (a)(1) In addition to the excise or privilege taxes levied under §§  
10 26-57-208, 26-57-802, 26-57-803, and 26-57-1101, there is levied an  
11 additional tax of twelve dollars and fifty cents (\$12.50) per one thousand  
12 (1,000) cigarettes sold in the state.

13 (2)(A) When two (2) or more adjoining cities each have a  
14 population of five thousand (5,000) or more and are separated by a state  
15 line, the tax on cigarettes sold in the adjoining Arkansas city shall be at  
16 the rate imposed by law on cigarettes sold in the adjoining city outside  
17 Arkansas.

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

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

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

27 (4)(A) The tax on cigarettes shall be at the rate imposed by law  
28 on cigarettes sold in the adjoining state if the cigarettes are sold in an  
29 Arkansas city or incorporated town whose corporate limits adjoin the  
30 corporate limits of an Arkansas border city.

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

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

3                   (5)(A) A wholesaler or retailer shall not sell cigarettes to a  
4 retailer located outside a border zone described in subdivisions (a)(2)-(4)  
5 of this section unless the full amount of tax levied by this section and §§  
6 26-57-208, 26-57-802, 26-57-803, and 26-57-1101 without regard to any reduced  
7 border zone rate has been paid as evidenced by cigarette stamps affixed to  
8 each container of cigarettes.

9                   (B) A retailer located outside a border zone described in  
10 subdivisions (a)(2)-(4) of this section shall not possess or offer for sale  
11 cigarettes unless the full amount of tax levied by this section and §§ 26-57-  
12 208, 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                   (C) A violation of this subdivision (a)(5) is grounds for  
16 the suspension or revocation of a permit or license issued by the Director of  
17 Arkansas Tobacco Control.

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19                   SECTION 5. Arkansas Code § 26-57-806(a) and (b), concerning an  
20 additional tax levied on cigarettes, is amended to read as follows:

21                   (a)(1) In addition to the excise or privilege taxes levied under §§  
22 26-57-208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101, there is levied  
23 an additional tax of twenty-eight dollars (\$28.00) per one thousand (1,000)  
24 cigarettes sold in the state.

25                   (2)(A) When two (2) or more adjoining cities each have a  
26 population of five thousand (5,000) or more and are separated by a state  
27 line, the tax on cigarettes sold in the adjoining Arkansas city shall be at  
28 the rate imposed by law on cigarettes sold in the adjoining city outside  
29 Arkansas.

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

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

