

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

As Engrossed: S4/8/21

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.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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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

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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.

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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) Subdivision (a)(2) of this section does not apply to an
23 Arkansas city or incorporated town:

24 (A) That is separated by a navigable river from a city in
25 another state that is located in a metropolitan statistical area designated
26 by the United States Bureau of the Census as having a population of at least
27 one million (1,000,000); or

28 (B) Whose corporate borders adjoin a city that meets the
29 criteria under subdivision (a)(3)(A) of this section.

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

33 (a)(1) In addition to the excise or privilege taxes levied under §§
34 26-57-208, 26-57-802, 26-57-803, and 26-57-1101, there is levied an
35 additional tax of twelve dollars and fifty cents (\$12.50) per one thousand
36 (1,000) cigarettes sold in the state.

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

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

8 (3) Subdivision (a)(2) of this section does not apply to an
9 Arkansas city or incorporated town:

10 (A) That is separated by a navigable river from a city in
11 another state that is located in a metropolitan statistical area designated
12 by the United States Bureau of the Census as having a population of at least
13 one million (1,000,000); or

14 (B) Whose corporate borders adjoin a city that meets the
15 criteria under subdivision (a)(3)(A) of this section.

16 (4)(A) A wholesaler or retailer shall not sell cigarettes to a
17 retailer located outside a border zone described in subdivisions (a)(2) and
18 (3) of this section unless the full amount of tax levied by this section and
19 §§ 26-57-208, 26-57-802, 26-57-803, and 26-57-1101 without regard to any
20 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 (a)(2) and (3) of this section shall not possess or offer for
24 sale cigarettes unless the full amount of tax levied by this section and §§
25 26-57-208, 26-57-802, 26-57-803, and 26-57-1101 without regard to any reduced
26 border zone rate has been paid as evidenced by cigarette stamps affixed to
27 each container of cigarettes.

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

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

34 (a)(1) In addition to the excise or privilege taxes levied under §§
35 26-57-208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101, there is levied
36 an additional tax of twenty-eight dollars (\$28.00) per one thousand (1,000)

1 cigarettes sold in the state.

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

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

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

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

16 (4)(A) The tax on cigarettes sold in any Arkansas city or
17 incorporated town whose corporate limits adjoin the corporate limits of an
18 Arkansas border city shall be at the rate imposed by law on cigarettes sold
19 in the adjoining state.

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

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

28 (5)(A) A wholesaler or retailer shall not sell cigarettes to a
29 retailer located outside a border zone described in subdivisions (a)(1)–(3)
30 of this section unless the full amount of tax levied by this section and §§
31 26-57-208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101 without regard to
32 any reduced border zone rate has been paid as evidenced by cigarette stamps
33 affixed to each container of cigarettes.

34 (B) A retailer located outside a border zone described in
35 subdivisions (a)(1)–(3) of this section shall not possess or offer for sale
36 cigarettes unless the full amount of tax levied by this section and §§ 26-57-

1 208, 26-57-802, 26-57-803, 26-57-804, and 26-57-1101 without regard to any
2 reduced border zone rate has been paid as evidenced by cigarette stamps
3 affixed to each container of cigarettes.

4 (C) A violation of this subdivision (a)(4) is grounds for
5 the suspension or revocation of a permit or license issued by the Director of
6 Arkansas Tobacco Control.

7 (b) The exemptions and waivers allowed under §§ 26-57-209 ~~and 26-57-~~
8 ~~210 [repealed]~~ shall apply to this section.

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11 /s/Bledsoe
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