

State of Arkansas  
94th General Assembly  
Regular Session, 2023

# A Bill

HOUSE BILL 1606

By: Representative J. Moore

By: Senator Flippo

## For An Act To Be Entitled

AN ACT REGARDING THE SUSPENSION OF PERMITS FOR A  
RETAILER'S FAILURE TO PAY A WHOLESALER OR  
MANUFACTURER FOR TOBACCO PRODUCTS, VAPOR PRODUCTS,  
ALTERNATIVE NICOTINE PRODUCTS, OR E-LIQUIDS; AND FOR  
OTHER PURPOSES.

## Subtitle

REGARDING THE SUSPENSION OF PERMITS FOR A  
RETAILER'S FAILURE TO PAY A WHOLESALER OR  
MANUFACTURER FOR TOBACCO PRODUCTS, VAPOR  
PRODUCTS, ALTERNATIVE NICOTINE PRODUCTS,  
OR E-LIQUIDS.

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

SECTION 1. Arkansas Code Title 26, Chapter 57, Subchapter 2, is amended to add an additional section to read as follows:

26-57-268. Retailer's failure to pay – Reporting, prevention, and penalty.

(a) A permitted manufacturer or wholesaler shall sell or deliver any tobacco products, vapor products, alternative nicotine products, or e-liquids to a permitted retailer in this state only in exchange for cash or on established payment terms.

(b)(1)(A) If a retailer's payment under subsection (a) of this section is past due or is returned for insufficient funds, the permitted manufacturer or wholesaler shall, within five (5) business days of the payment being past



due or returned for insufficient funds, notify Arkansas Tobacco Control of the retailer's failure to timely pay.

(B) Upon receipt of notice under subdivision (b)(1) of this section, Arkansas Tobacco Control shall promptly notify other wholesalers and manufacturers permitted under this subchapter that the retailer:

(i) Has failed to promptly remit payment for tobacco products, vapor products, alternative nicotine products, or e-liquids; and

(ii) Is therefore prohibited from continuing to purchase tobacco products, vapor products, alternative nicotine products, or e-liquids.

(2)(A) If the retailer satisfies a debt with the permitted manufacturer or wholesaler, the permitted manufacturer or wholesaler shall promptly notify Arkansas Tobacco Control that the debt has been paid.

(B) If Arkansas Tobacco Control receives notice that the retailer has paid the debt, Arkansas Tobacco Control shall promptly notify all permitted wholesalers and manufacturers that they may resume sales to the permitted retailer.

(3)(A) If the retailer fails to pay the debt in full within thirty (30) days from the date the debt became due, the Director of Arkansas Tobacco Control may suspend the retailer's permit until the debt has been paid.

(B) If a new owner acquires the permitted retail location and the debt has not been paid before the change in ownership, the new owner is responsible for the debt.

(c)(1) If a retailer fails to pay under subsection (a) of this section, Arkansas Tobacco Control may:

(A) Suspend the retailer's permit:

(i) For up to seven (7) days for the first offense;  
and

(ii) For between ten (10) days and thirty (30) days for each subsequent offense that occurs within a period of forty-eight (48) months from the date of the most recent violation; and

(B) Require the retailer to pay cash for all future purchases of tobacco products from permitted wholesales and manufacturers.

(2) A retailer's failure to pay the debt within the suspension

period under subdivision (c)(1)(A) is a subsequent offense.

(d) The Director of Arkansas Tobacco Control and the Arkansas Tobacco Control Board may adopt rules necessary to implement this section.

**APPROVED: 4/13/23**