

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB540**

**As Engrossed: 3/6/2013**

**Bill Subtitle: TO AMEND THE LAWS PERTAINING TO TAXES LEVIED ON TOBACCO PRODUCTS; TO CLARIFY THAT CURRENT LAW IMPOSES AN EXCISE TAX ON ALL TOBACCO PRODUCTS OFFERED FOR SALE IN THE STATE; AND TO DECLARE AN EMERGENCY.**

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### **Basic Change :**

Senator Maloch

Engrossment 03/06/13 -- Senate Amendment 2 -- Amends the bill to state that the tax on tobacco products offered for sale in the state is calculated at the invoice price before discounts, the same as current law.

Engrossment 03/05/13 -- Senate Amendment 1 -- Reinstates within the definition of a "manufacturer" to include those distributors that deal in tobacco products as manufacturers.

Original Bill -- Amends the Tobacco Products Tax Act regarding the tax on tobacco products other than cigarettes to clarify that the tax is imposed on the purchase price paid by licensed wholesalers or retailers when those tobacco products are acquired for resale to Arkansas consumers regardless of their purchase being from a manufacturer, a manufacturer's affiliate or subsidiary, or from any other person.

### **Revenue Impact :**

None

### **Taxpayer Impact :**

Tobacco wholesalers would continue to pay tax on the price at which the wholesaler acquired tobacco products in the same manner as when the tobacco products tax law was originally enacted almost 40 years ago.

### **Resources Required :**

None

### **Time Required :**

None

### **Procedural Changes :**

None

### **Legal Analysis :**

SB540 as engrossed 03/06/2013 contains two amendments. SB540-1 returned the following language to the definition of "manufacturer" : "that deal in tobacco products as manufacturers." This language had been stricken from the existing statute in the original version of the Bill. There is no substantive effect on the meaning of "manufacturer" as amended by the bill with the replacement of this currently-existing statutory language in the bill's definition. SB540-2 removed the words "and deals" from five distinct levying provisions of the bill. The original bill clarified that the tax on other tobacco products is levied on the invoice price to a wholesaler or retailer, before discounts or deals. This amendment removes the requirement that the invoice price must be the price before deals. .