

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: S3/21/17
A Bill

HOUSE BILL 1580

By: Representative House

For An Act To Be Entitled

AN ACT TO AMEND ARKANSAS CONSTITUTION, AMENDMENT 98,
ALSO KNOWN AS THE "ARKANSAS MEDICAL MARIJUANA
AMENDMENT OF 2016" TO PROVIDE FOR A SPECIAL PRIVILEGE
TAX; TO CREATE THE ARKANSAS MEDICAL MARIJUANA SPECIAL
PRIVILEGE TAX ACT OF 2017; TO LEVY A SPECIAL
PRIVILEGE TAX ON MEDICAL MARIJUANA; TO DECLARE AN
EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS MEDICAL MARIJUANA
AMENDMENT OF 2016 TO PROVIDE FOR A
SPECIAL PRIVILEGE TAX; TO LEVY A SPECIAL
PRIVILEGE TAX ON MEDICAL MARIJUANA; AND
TO DECLARE AN EMERGENCY.

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

SECTION 1. Pursuant to § 23 of Arkansas Constitution, Amendment 98, also known as the "Arkansas Medical Marijuana Amendment of 2016", Arkansas Constitution, Amendment 98, § 17(a) and the introductory language of § 17(b), concerning taxation and the distribution of proceeds, are amended to read as follows:

(a)(1) The sale of usable marijuana is subject to all state and local sales taxes at the same rate as other ~~goods~~, tangible personal property.

(2) The sale of usable marijuana is also subject to the Arkansas Medical Marijuana Special Privilege Tax Act of 2017, Ark. Code § 26-57-1501 et seq., or its successor.



(b) The ~~states~~ state sales and special privilege tax revenues received by the Department of Finance and Administration from the sale of usable marijuana under this amendment shall be distributed as follows:

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

Subchapter 15 – Arkansas Medical Marijuana Special Privilege Tax Act of 2017

26-57-1501. Title.

This subchapter shall be known and may be cited as the “Arkansas Medical Marijuana Special Privilege Tax Act of 2017”.

26-57-1502. Administration of law.

The provisions of this subchapter are subject to the provisions of the Arkansas Tax Procedure Act, § 26-18-101 et seq., as those provisions apply to the administration of this subchapter by the Director of the Department of Finance and Administration, including without limitation the provisions regarding interest and penalty on delinquent taxes.

26-57-1503. Definitions.

As used in this subchapter:

(1) “Cultivation facility” means an entity that:

(A) Has been licensed by the Medical Marijuana Commission under Arkansas Constitution, Amendment 98, § 8, as amended by Acts 2017, No. 4; and

(B) Cultivates, prepares, manufactures, processes, packages, sells, and delivers usable marijuana to a dispensary;

(2) “Dispensary” means an entity that has been licensed by the Medical Marijuana Commission under Arkansas Constitution, Amendment 98, § 8, as amended by Acts 2017, No. 4;

(3) “Marijuana business” means any other entity licensed by the Medical Marijuana Commission under Arkansas Constitution, Amendment 98, to handle, process, transport, possess, or distribute medical marijuana; and

(4) “Usable marijuana” means the stalks, seeds, roots, dried leaves, flowers, oils, vapors, waxes, and other portions of the marijuana plant and any mixture or preparation thereof.

26-57-1504. Levy of tax.

A cultivation facility, dispensary, or other marijuana business shall collect and remit a special privilege tax of four percent (4%) from the gross receipts or gross proceeds derived from each sale of usable marijuana on forms and in a manner specified by the Director of the Department of Finance and Administration.

26-57-1505. Remittance of tax.

(a) The tax levied by § 26-57-1504 shall be paid by the cultivation facility, dispensary, or other marijuana business when the usable marijuana is sold.

(b) The cultivation facility, dispensary, or other marijuana business subject to this tax shall file a monthly return and remit the tax for the month to the Director of the Department of Finance and Administration on or before the twentieth day of the month next following the month in which the sale or purchase was made.

(c)(1) The return shall be filed with the Department of Finance and Administration through the Arkansas Taxpayer Access Point electronic filing system, or its successor.

(2) The return shall contain such information as the director requires for the proper administration of this subchapter.

(3) Payment shall be made through the Arkansas Taxpayer Access Point, or its successor, when cultivation facilities, dispensaries, or other marijuana businesses are authorized to use federal banking systems.

26-57-1506. Rules.

The Department of Finance and Administration may promulgate rules to administer this subchapter.

26-57-1507. Sunset.

This subchapter shall expire on July 1, 2019, unless extended by the General Assembly.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the Medical Marijuana

Commission will begin accepting applications for the licensing of cultivation facilities and dispensaries on July 1, 2017, which will begin the implementation of the use of medical marijuana in the state; that additional funding is needed to ensure that the implementation of the Arkansas Medical Marijuana Amendment of 2016 is revenue neutral; and that this act is necessary because it is in the best interests of the state to increase Arkansas's ability to impose a special privilege tax on cultivation facilities and dispensaries to relieve the burden on the state of implementing the Arkansas Medical Marijuana Amendment of 2016. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2017.

/s/House