

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

State of Arkansas  
93rd General Assembly  
Regular Session, 2021

As Engrossed: S4/8/21  
**A Bill**

SENATE BILL 337

By: Senator Bledsoe  
By: Representatives Bryant, McKenzie

### **For An Act To Be Entitled**

AN ACT TO REINSTATE THE BORDER CITY TAX RATE FOR  
CIGARETTES AND OTHER TOBACCO PRODUCTS; AND FOR OTHER  
PURPOSES.

### **Subtitle**

AN ACT TO REINSTATE THE BORDER CITY TAX  
RATE FOR CIGARETTES AND OTHER TOBACCO  
PRODUCTS.

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

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

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

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

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

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



adjoining state.

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

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

(ii) As used in subdivision (1)(D)(i) of this section, "Arkansas border city" means a city that is entitled to the border zone cigarette tax rate and is separated by a navigable river from a city in the other state that is located in a metropolitan statistical area designated by the United States Bureau of the Census with a population of at least one million (1,000,000).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

cigarettes sold in the state.

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

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

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

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

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

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

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

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

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

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

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

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

*/s/Bledsoe*