

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas As Engrossed: H3/2/01 H3/19/01 H3/20/01 H4/6/01

2 83rd General Assembly

A Bill

3 Regular Session, 2001

HOUSE BILL 1898

4

5 By: Representatives Bradford, Ledbetter, House, Lendall, Salmon, Bookout, Napper, Borhauer

6 By: Senators Riggs, Mahony

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For An Act To Be Entitled

10 AN ACT TO CREATE THE ARKANSAS HEALTH CARE TRUST
11 FUND; TO LEVY ADDITIONAL *EXCISE* TAXES ON TOBACCO
12 PRODUCTS TO BE DEPOSITED INTO THE FUND; TO
13 PROVIDE THAT THE FUND WILL BE USED TO ADDRESS
14 HEALTH RELATED ISSUES; AND FOR OTHER PURPOSES.

15

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Subtitle

17 TO CREATE THE ARKANSAS HEALTH CARE TRUST
18 FUND; TO LEVY ADDITIONAL *EXCISE* TAXES ON
19 TOBACCO PRODUCTS TO BE DEPOSITED INTO THE
20 FUND; TO PROVIDE THAT THE FUND WILL BE USED
21 TO ADDRESS HEALTH RELATED ISSUES.

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

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26 *SECTION 1. Arkansas Code, Title 26, Chapter 57, Subchapter 8, is*
27 *amended by adding an additional section to read as follows:*

28 *26-57-804. Arkansas Health Care Tax.*

29 *(a)(1) Effective September 1, 2001, there is levied an excise or*
30 *privilege tax on cigarettes, sold by wholesalers to retailers or purchased by*
31 *licensed retailers directly from the manufacturer, at a rate of four percent*
32 *(4%) of the manufacturer's invoice price.*

33 *(2) The tax shall be computed on the actual manufacturer invoice*
34 *price before discounts.*

35 *(3) The tax shall be known and cited as the "Arkansas Health Care*
36 *Tax."*

1 (b)(1) The tax shall be paid by the wholesaler or retailer who
 2 purchased directly from a manufacturer.

3 (2) The tax shall be reported on forms prescribed by the Director
 4 of the Department of Finance and Administration.

5 (3) The tax shall be paid at the same time as payment for taxes
 6 for tobacco products is required under Arkansas Code 26-57-211.

7 (c)(1) The Arkansas Health Care Tax shall be remitted to the Director
 8 of the Department of Finance and Administration and shall be deposited in the
 9 State Treasury and shall be credited to the Arkansas Health Care Trust Fund,
 10 which is created on the books of the Treasurer of State, Auditor of State and
 11 the Chief Fiscal Officer of the State.

12 (2) The monies in the fund shall be used exclusively as provided
 13 in Arkansas Code 19-5-1110.

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 15 SECTION 2. Arkansas Code 26-57-803 is amended to read as follows:
 16 26-57-803. Additional tax - Applicability.

17 (a)(1) In addition to the excise or privilege taxes levied under §§ 26-
 18 57-208 and 26-57-802, for the months of February, March, April, May, and June
 19 of 1993, there is hereby levied a tax of six dollars and twenty-five cents
 20 (\$6.25) per one thousand (1,000) cigarettes sold in the state, and for all
 21 months beginning on or after July 1, 1993, there is hereby levied a tax of
 22 four dollars and seventy-five cents (\$4.75) per one thousand (1,000)
 23 cigarettes sold in the state.

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

31 (3) The tax on cigarettes sold in Arkansas within three hundred
 32 feet (300') of a state line, in any Arkansas city which adjoins a state line,
 33 or in any city which is separated only by a navigable river from a city which
 34 adjoins a state line shall be at the rate imposed by law on cigarettes sold in
 35 the adjoining state plus the twenty-five cents (25¢) per one thousand (1,000)
 36 cigarettes presently imposed by § 26-57-802. The tax shall not exceed the tax

1 upon cigarettes imposed by this subchapter.

2 (b) In addition to the tax imposed by § 26-57-208(2), for the months of
3 February, March, April, May, and June 1993, there is hereby imposed an
4 additional excise or privilege tax on the sale of tobacco products other than
5 cigarettes by wholesalers to retailers or by licensed retailers to the
6 Director of the Department of Finance and Administration at nine percent (9%)
7 of the manufacturer's selling price, and for all months beginning on or after
8 July 1, 1993, there is hereby levied an additional excise or privilege tax on
9 tobacco products at seven percent (7%) of the manufacturer's selling price.
10 The tax shall be computed before discounts.

11 (c)(1) Effective September 1, 2001, in addition to the tax imposed by
12 subsection (b), there is levied an additional excise or privilege tax on
13 tobacco products other than cigarettes, sold by wholesalers to retailers or
14 purchased by licensed retailers directly from the manufacturer, at four
15 percent (4%) of the manufacturer's invoice price.

16 (2) The tax shall be computed on the actual manufacturer's
17 invoice price before discounts.

18 ~~(c)(d)~~ The taxes levied by this section shall not apply to the sale of
19 cigarettes and tobacco products which are in a wholesaler's warehouse
20 inventory on January 1, 1993.

21 ~~(d)(e)~~(1) The taxes levied by this section shall be reported and paid
22 by wholesalers licensed pursuant to § 26-57-214 of the Arkansas Tobacco
23 Products Tax Act of 1977, provided that retailers shall be liable for
24 reporting and paying these taxes when a retailer purchases tobacco products
25 directly from a manufacturer or from a wholesaler or distributor not licensed
26 pursuant to § 26-57-214 of the Arkansas Tobacco Products Tax Act of 1977.

27 (2)(A) Any taxpayer who fails to report and remit the tobacco tax
28 due on tobacco products purchased from manufacturers, distributors, or
29 wholesalers who are not licensed under § 26-57-214 of the Arkansas Tobacco
30 Products Tax Act of 1977 shall be subject to the following penalties:

31 (i) Five percent (5%) of the total tobacco tax due
32 for the first offense;

33 (ii) Twenty percent (20%) of the total tobacco tax
34 due for the second offense; and

35 (iii) Twenty-five percent (25%) of the total tobacco
36 tax due for the third and any subsequent offenses.

1 (B) In addition, the taxpayer's retail cigarette/tobacco
2 permit shall be revoked for a period of ninety (90) days for the third and any
3 subsequent offenses.

4 (3) The provisions of this subsection shall not affect the
5 provisions of § 26-57-228.

6 (f)(1) The tax collected under subsection (c) shall be remitted to the
7 Director of the Department of Finance and Administration and shall be
8 deposited in the State Treasury and shall be credited to the Arkansas Health
9 Care Trust Fund.

10 (2) The monies in the fund shall be used exclusively as provided
11 in Arkansas Code 19-5-1110.

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14 SECTION 3. Arkansas Code Title 19, Chapter 5, Subchapter 11 is amended
15 by adding an additional section to read as follows:

16 19-5-1110. Arkansas Health Care Trust Fund.

17 (a) There is established on the books of the Treasurer of State, the
18 Auditor of State, and the Chief Fiscal Officer of the State a trust fund to be
19 known as the Arkansas Health Care Trust Fund.

20 (b) This fund shall consist of those moneys derived from the taxes
21 levied by §§ 26-57-804 and 26-57-803(c).

22 (c) The State Board of Finance shall manage the fund and act as
23 disbursing officer for the fund.

24 (d) The moneys in the fund shall be distributed as follows:

25 (1) 25.5973% of the fund shall be transferred to the Public School
26 Fund to be used by the Department of Education for the sole purpose of
27 providing or helping to fund school nurses in the public schools in this
28 state;

29 (2) 23.8908% of the fund shall be distributed to the Department of
30 Human Services Grants Fund Account to be used by the Department of Human
31 Services as follows:

32 (A) 50% shall be used for Senior Center Services; and

33 (B) 50% shall be used by the Arkansas Area Agencies on
34 Ageing for Community-Based Care Services as follows:

35 (1) The first \$2.5 million shall be used for Medicaid
36 match for Personal Care and Elderchoices services of Homemaker, Respite and

1 Chore services.

2 (2) The remaining funds shall be used for communi ty-
3 based care services such as transportation, non-Medicaid in home services and
4 case management.

5 (3) 6.8259% of the fund shall be distributed to the Public Health
6 Fund to be used by the Department of Health for the following public health
7 needs:

8 (A) Funding at an annual minimum of \$525,000 for the
9 purchase of prescription drugs for treatment of HIV;

10 (B) Funding comprehensive cancer control, including the
11 state cancer registry;

12 (C) Funding comprehensive CVD (cardiovascular disease)
13 control, including, but not limited to, measures to reduce obesity and promote
14 physical activity, including implementation, as possible, of the
15 recommendations from the Obesity Task Force, in response to SCR 8 of 1999; and

16 (D) Other public health programs to control infectious
17 diseases, sickle cell anemia, chronic diseases and injury as deemed
18 appropriate by the Board of Health;

19 (4)(A) 3.4130% of the fund shall be distributed to the Department
20 of Human Services Grants Fund Account to be used for:

21 (i) Medicaid match for expansion of community-based
22 programs licensed by the Developmental Disabilities Services Division of the
23 department; or

24 (ii) Increases in reimbursements to providers of
25 those programs.

26 (B) The amount of funds received under this subdivision
27 (d)(4) shall not be partially or wholly offset by reducing funds from any
28 other source of revenues;

29 (5) 1.0239% of the fund shall be distributed to the Department of
30 Human Services Grants Fund Account to be used for Medicaid match for private
31 duty nursing services for ventilator-dependent and high-technology, non-
32 ventilator dependent patients;

33 (6) 4.0956% of the fund to be distributed to the University of
34 Arkansas Medical Center Fund for the Arkansas Cancer Research Center at the
35 University of Arkansas for Medical Sciences to help fund its prostate cancer
36 research, education, and public awareness program;

1 (7) 4.0956% of the fund shall be distributed to the State General
2 Services Fund Account for the Arkansas Children's Hospital to help fund its
3 burn unit;

4 (8) The greater of 3.4130% of the fund or \$91,666.66 per month
5 shall be distributed to the State General Services Fund Account to provide
6 financial assistance as determined by the criteria established by the
7 Community Health Centers of Arkansas, Inc. for those § 501(c)(3) Community
8 Health Centers accredited by the Joint Commission on Accreditation of Health
9 Care Organizations, and which provide on a sliding fee scale quality primary,
10 preventive, and dental health care services to infants, children, adults and
11 the elderly;

12 (9) 3.4130% of the fund shall be distributed to the Public Health
13 Fund to be used by the Department of Health to fund a program to provide
14 equipment and defibrillators to fire departments of this state;

15 (10) 0.6826% of the fund shall be distributed to the Department of
16 Human Services Grants Fund Account to be used by the Department of Human
17 Services to help fund a program to provide coupons to low income seniors that
18 they may exchange for eligible foods at farmer's markets, roadside stands, and
19 community-supported agricultural programs;

20 (11) 17.0648% of the fund shall be distributed to the Department
21 of Education to fund the Home Instruction Program for Pre-school Youngsters;
22 and

23 (12) 6.4846% of the fund shall be deposited in the State General
24 Services Fund Account.

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26 SECTION 4. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO
27 CODIFY THIS SECTION.] This act becomes effective on September 1, 2001.

28 /s/ Bradford, et al.
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