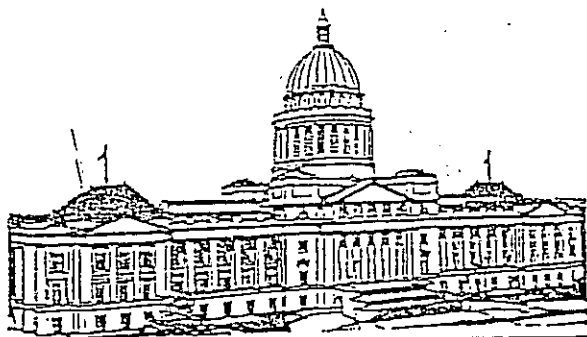


ARKANSAS REGISTER

Transmittal Sheet



Sharon Priest
Secretary of State
State Capitol Rm. 01
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 10/3/98 Code Number 006.05.98--023

Name of Agency Department of Finance & Administration

Department Revenue Division

Contact Person Don Zern Phone 682-7751

Statutory Authority for Promulgating Rules Ark. Code Ann. 26-18-301
Regulation 1995-5

| | Date |
|--|---|
| Intended Effective Date | <u>7/6/98</u> |
| <input type="checkbox"/> Emergency | Final Date for Public Comment <u>8/15/98</u> |
| <input checked="" type="checkbox"/> 10 Days After Filing | Filed With Legislative Council <u>6/29/98</u> |
| <input type="checkbox"/> Other | Reviewed by Legislative Council <u>Yes</u> |
| | Adopted by State Agency <u>9/22/98</u> |

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with Act 434 of 1967 As Amended

Don Zern
Signature

682-7751
Phone Number

Taxpayer Information Officer
Title

September 23, 1998
Date

FILED
4th REGISTER DIV.
98 SEP 23 PM 2:53
STATE OF ARKANSAS

REGULATION 1998-5

CIGARETTE STAMPS AND BORDER ZONE SALES

A. DEFINITIONS. As used in this regulation, unless the context otherwise requires:

1. "Border zone retailer" means a cigarette retailer whose place of business is located within the State of Arkansas and which is:
 - a. within three hundred feet (300') of the Arkansas state line,
 - b. within a city that adjoins the Arkansas state line,
 - c. in any city which is separated only by a navigable river from a city which adjoins the Arkansas state line, or
 - d. in a city with a population of 5,000 or more that adjoins a city in another state, which city is divided only by the Arkansas state line and also has a population of 5,000 or more.

2. "Stamps" means the Arkansas cigarette stamps denoting the tax on cigarettes and which are required to be affixed to cigarettes sold in the State of Arkansas. The Director shall provide stamps to wholesalers and stamp deputies for cigarettes sold within and without border zones. The Director may provide separate stamps for each border zone area as needed for the proper enforcement and collection of tobacco products tax.

B. Prior to selling cigarettes to an Arkansas cigarette retailer, a cigarette wholesaler must affix stamps to each package of cigarettes indicating that the tobacco products tax has been paid. The current non-border zone rate is \$15.75 per 1,000 cigarettes. Cigarettes sold to a border zone retailer may be taxed at a lower rate pursuant to Ark. Code Ann. §§26-57-208, 26-57-802 and 26-57-803. In the event that a lower tax rate applies to sales of cigarettes to border zone retailers, the wholesaler must affix a separate border zone stamp if the Director has issued separate border

zone stamps for that area.

C. A retailer with a place of business outside of a border zone may not retain in inventory any cigarettes which have the border zone stamps affixed. Such retailer may only retain in inventory cigarettes which have stamps affixed reflecting that the full Arkansas tobacco products tax was paid. The Director may confiscate any cigarettes which are not properly stamped. The Director may also provide the Arkansas Tobacco Control Board with the identity of the border zone retailer.

D. Effective July 1, 1998, all wholesalers selling cigarettes to border zone retailers with a store on or near the Missouri-Arkansas border must affix a separate Missouri border zone stamp to all cigarettes sold to such border zone retailers.

SIGNED THIS 22nd DAY OF SEPTEMBER, 1998.

A handwritten signature in black ink, appearing to read "T Leathers", written over a horizontal line.

Tim Leathers, Acting Director of
Department of Finance and Administration

FILED
ARK. REGISTER DIV.

98 SEP 23 PM 2:53

DEACON, LINDA
SECRETARY OF STATE
STATE OF ARKANSAS

BY _____

DEPARTMENT: Department of Finance and Administration
DIVISION Revenue Division:
PERSON COMPLETING
THIS STATEMENT: Ed Hicks, Excise Tax Administrator
TELEPHONE NO.: (501) 682-7200
FAX NO.: (501) 682-7900

FINANCIAL IMPACT STATEMENT

To comply with Act 884 of 1995, please complete the following Financial Impact Statement and file with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE: Regulation 1998-5 -- (Cigarette Stamps and Border Zone Sales).

1. Does this proposed, amended, or repealed rule or regulation have a financial impact?
Yes: _____ No: **XX**
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation. **Does Not Apply.**

1998-99 Fiscal Year

General Revenue: _____
Federal Funds: _____
Cash Funds: _____
Special Revenue: _____
Other: _____
Total: _____

None

1998-2000 Fiscal Year

General Revenue: _____
Federal Funds: _____
Cash Funds: _____
Special Revenue: _____
Other: _____
Total: _____

None

4. What is the total estimated cost by fiscal year to any party subject to the, proposed, amended, or repealed rule or regulation? **None.**

1998-99 Fiscal Year

None

1999-2000 Fiscal Year

None

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

1998-99 Fiscal Year

No additional cost

1999-2000al Year

No additional cost