

## **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 22<sup>ND</sup> DAY OF September 1998

Tim Leathers,  
Acting Director  
Department of Finance and Administration