

By: Representatives Eads, Scott (17th),  
Whittington

To: Ways and Means

HOUSE BILL NO. 1673

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,  
2 TO INCREASE THE EXCISE TAX ON TOBACCO PRODUCTS; TO SPECIFY THE  
3 AMOUNT OF THE DISCOUNT OR COMPENSATION ON THE ADDITIONAL FACE  
4 VALUE OF STAMPS PURCHASED BY DEALERS TO COMPLY WITH THE TAX  
5 INCREASE PROVIDED FOR BY THIS ACT; TO AMEND SECTION 27-69-75,  
6 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE REVENUE DERIVED FROM  
7 THE TAX INCREASE PROVIDED FOR BY THIS ACT SHALL BE DEPOSITED INTO  
8 SPECIAL FUNDS IN THE STATE TREASURY TO THE CREDIT OF THE  
9 UNIVERSITY OF MISSISSIPPI MEDICAL CENTER, THE STATE DEPARTMENT OF  
10 EDUCATION, THE STATE VETERANS AFFAIRS BOARD AND THE RESEARCH  
11 INSTITUTE OF PHARMACEUTICAL SCIENCES, NOT TO EXCEED A MAXIMUM  
12 AMOUNT OF THE REVENUE COLLECTED DURING ANY FISCAL YEAR FOR EACH  
13 FUND; TO CREATE EACH OF THOSE SPECIAL FUNDS IN THE STATE TREASURY  
14 FOR THOSE ENTITIES AND TO SPECIFY THE PURPOSES FOR WHICH THE  
15 MONIES IN EACH SPECIAL FUND MAY BE EXPENDED; TO AMEND SECTION  
16 27-69-31, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING  
17 PROVISIONS; TO PROVIDE THAT THIS ACT WILL STAND REPEALED ON JULY  
18 1, 2007; AND FOR RELATED PURPOSES.

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

20 **SECTION 1.** Section 27-69-13, Mississippi Code of 1972, is  
21 amended as follows:

22 27-69-13. (1) There is \* \* \* imposed, levied and assessed,  
23 to be collected and paid as hereinafter provided in this chapter,  
24 an excise tax on each person or dealer in cigarettes, cigars,  
25 stogies, snuff, chewing tobacco, and smoking tobacco, or  
26 substitutes therefor, upon the sale, use, consumption, handling or  
27 distribution in the State of Mississippi, as follows:

28 (a) On cigarettes, the rate of tax shall be  
29 Eighteen-twentieths of One Cent (18/20 of 1¢) on each cigarette  
30 sold with a maximum length of one hundred twenty (120)  
31 millimeters; any cigarette in excess of this length shall be taxed  
32 as if it were two (2) or more cigarettes. \* \* \* However, if the  
33 federal tax rate on cigarettes in effect on July 1, 1985, is  
34 reduced, then the rate as provided in this paragraph (a) shall be  
35 increased by the amount of the federal tax reduction. That tax



36 increase shall take effect on the first day of the month following  
37 the effective date of the reduction in the federal tax rate.

38 (b) (i) In addition to the excise tax levied by  
39 paragraph (a), there is levied an excise tax of One and One-fourth  
40 Cents (1-1/4¢) on each cigarette sold with a maximum length of one  
41 hundred twenty (120) millimeters; any cigarette in excess of this  
42 length shall be taxed as if it were two (2) or more cigarettes.

43 (ii) On or before the fifteenth of August 2002,  
44 and each succeeding month thereafter, the revenue derived from the  
45 excise tax on cigarettes that is levied by subparagraph (i) of  
46 this paragraph shall be deposited into the appropriate funds in  
47 the State Treasury as provided in Section 27-69-75.

48 (c) On cigars, cheroots, stogies, snuff, chewing and  
49 smoking tobacco and all other tobacco products except cigarettes,  
50 the rate of tax shall be fifteen percent (15%) of the  
51 manufacturer's list price.

52 (d) (i) In addition to the excise tax levied by  
53 paragraph (c), there is levied an excise tax of five percent (5%)  
54 of the manufacturer's list price on cigars, cheroots, stogies,  
55 snuff, chewing and smoking tobacco and all other tobacco products,  
56 except cigarettes.

57 (ii) On or before the fifteenth day of August  
58 2002, and each succeeding month thereafter, the revenue derived  
59 from the excise tax on other tobacco products, except cigarettes,  
60 that is levied by subparagraph (i) of this paragraph shall be  
61 deposited into the appropriate funds in the State Treasury as  
62 provided in Section 27-69-75.

63 (2) No stamp evidencing the tax \* \* \* levied on cigarettes  
64 by this section shall be of a denomination of less than One Cent  
65 (1¢), and whenever the tax computed at the rates \* \* \* prescribed  
66 on cigarettes in this section is a specified amount, plus a  
67 fractional part of One Cent (1¢), the package shall be stamped for  
68 the next full cent. However, (a) the additional face value of



69 stamps purchased to comply with taxes imposed by subsection (1)(a)  
70 and subsection (1)(c) of this section after June 1, 1985, shall be  
71 subject to a four percent (4%) discount or compensation to dealers  
72 for their services rather than the eight percent (8%) discount or  
73 compensation allowed by Section 27-69-31; and (b) the additional  
74 face value of stamps purchased to comply with taxes imposed by  
75 subsection (1)(b) and subsection (1)(d) of this section after July  
76 1, 2002, shall be subject to a three percent (3%) discount or  
77 compensation to dealers for their services rather than the eight  
78 percent (8%) discount or compensation allowed by Section 27-69-31.

79 (3) Every wholesaler shall purchase stamps as provided in  
80 this chapter, and affix the same to all packages of cigarettes  
81 handled by him as \* \* \* provided in this section.

82 (4) The \* \* \* tax levied by this chapter is levied upon the  
83 sale, use, gift, possession, or consumption of tobacco within the  
84 State of Mississippi, and the impact of the tax levied by this  
85 chapter is \* \* \* declared to be on the vendee, user, consumer, or  
86 possessor of tobacco in this state. When the tax is paid by any  
87 other person, the payment shall be considered as an advance  
88 payment and shall thereafter be added to the price of the tobacco  
89 and recovered from the ultimate consumer or user.

90 (5) This section shall stand repealed on July 1, 2007.

91 **SECTION 2.** Section 27-69-75, Mississippi Code of 1972, is  
92 amended as follows:

93 27-69-75. (1) All taxes levied by this chapter shall be  
94 payable to the commissioner in cash, or by personal check,  
95 cashier's check, bank exchange, post-office money order or express  
96 money order, and shall be deposited by the commissioner in the  
97 State Treasury on the same day collected. No remittance other  
98 than cash shall be a final discharge of liability for the  
99 tax \* \* \* assessed and levied under this chapter, unless and until  
100 it has been paid in cash to the commissioner.



101       (2) The revenue derived from the taxes levied in Sections  
102 27-69-13(1)(b) and 27-69-13(1)(d) shall be deposited into the  
103 State Treasury, as follows:

104           (a) Thirty-six percent (36%) of the revenue collected,  
105 not to exceed Twenty-one Million Dollars (\$21,000,000.00) of the  
106 revenue collected during any fiscal year, shall be deposited in  
107 the special fund to the credit of the University of Mississippi  
108 Medical Center that is created by Section 4(1) of this act.

109           (b) Fifty-six and one-half percent (56.5%) of the  
110 revenue collected, not to exceed Thirty-one Million Dollars  
111 (\$31,000,000.00) of the revenue collected during any fiscal year,  
112 shall be deposited in the special fund to the credit of the State  
113 Department of Education that is created by Section 4(2) of this  
114 act.

115           (c) Seven percent (7%) of the revenue collected, not to  
116 exceed Four Million Dollars (\$4,000,000.00) of the revenue  
117 collected during any fiscal year, shall be deposited in the  
118 special fund to the credit of the State Veterans Affairs Board  
119 that is created by Section 4(3) of this act.

120           (d) Three and one-half percent (3.5%) of the revenue  
121 collected, not to exceed Two Million Dollars (\$2,000,000.00) of  
122 the revenue collected during any fiscal year, shall be deposited  
123 in the special fund to the credit of the Research Institute of  
124 Pharmaceutical Sciences that is created by Section 4(4) of this  
125 act.

126           (e) Any amount of the revenue collected that exceeds  
127 the amounts required to be deposited into the special funds as  
128 provided in paragraphs (a) through (d) of this subsection shall be  
129 deposited into the State General Fund.

130       (3) All tobacco taxes collected, including tobacco license  
131 taxes, except for those revenues required to be deposited into the  
132 special funds as provided in paragraphs (a) through (d) of



133 subsection (2) of this section, shall be deposited into the State  
134 Treasury to the credit of the General Fund.

135 (4) Wholesalers who are entitled to purchase stamps at a  
136 discount, as provided by Section 27-69-31, may have consigned to  
137 them, without advance payment, those stamps, if and when the  
138 wholesaler \* \* \* gives to the commissioner a good and sufficient  
139 bond executed by some surety company authorized to do business in  
140 this state, conditioned to secure the payment for the stamps so  
141 consigned. The commissioner shall require payment for those  
142 stamps not later than thirty (30) days from the date the stamps  
143 were consigned.

144 (5) This section shall stand repealed on July 1, 2007.

145 **SECTION 3.** Section 27-69-31, Mississippi Code of 1972, is  
146 amended as follows:

147 27-69-31. Dealers subject to the provisions of this chapter  
148 shall be allowed, as compensation for their services in affixing  
149 the stamps \* \* \* required by this chapter, a sum equal to eight  
150 percent (8%) of the face value of the stamps purchased by them,  
151 except as otherwise provided in Section 27-69-13(2); however, the  
152 commission shall allow no discount on the purchase of stamps by  
153 wholesalers of an aggregate amount of less than One Hundred  
154 Dollars (\$100.00), and by retailers of an aggregate amount of less  
155 than Fifty Dollars (\$50.00) in any one order.

156 It is further provided that the commissioner may, in his  
157 discretion, either reduce the compensation allowed, or disallow  
158 any compensation for the affixing of stamps, for failure of the  
159 dealer to comply with any provisions of the law or rules and  
160 regulations promulgated by the commissioner.

161 This section shall stand repealed on July 1, 2007.

162 **SECTION 4.** (1) (a) There is created in the State Treasury  
163 a special fund to the credit of the University of Mississippi  
164 Medical Center, which shall be comprised of the monies required to  
165 be deposited into the fund under Section 27-69-75(2)(a), and any



166 other funds that may be made available for the fund by the  
167 Legislature.

168 (b) Monies in the fund shall be expended by the  
169 University of Mississippi Medical Center, upon appropriation by  
170 the Legislature, for the training of, physicians, dentists, nurses  
171 and other health care professionals and allied health personnel at  
172 the School of Medicine, the School of Dentistry, the School of  
173 Nursing and the School of Health Related Professions.

174 (c) Unexpended amounts remaining in the special fund at  
175 the end of a fiscal year shall not lapse into the State General  
176 Fund, and any interest earned or investment earnings on amounts in  
177 the special fund shall be deposited to the credit of the special  
178 fund.

179 (2) (a) There is created in the State Treasury a special  
180 fund to the credit of the State Department of Education, which  
181 shall be comprised of the monies required to be deposited into the  
182 fund under Section 27-69-75(2)(b), and any other funds that may be  
183 made available for the fund by the Legislature.

184 (b) Monies in the fund shall be distributed by the  
185 State Department of Education, upon appropriation by the  
186 Legislature, to the public school districts of the state for  
187 purchasing textbooks and classroom supplies.

188 (c) Unexpended amounts remaining in the special fund at  
189 the end of a fiscal year shall not lapse into the State General  
190 Fund, and any interest earned or investment earnings on amounts in  
191 the special fund shall be deposited to the credit of the special  
192 fund.

193 (3) (a) There is created in the State Treasury a special  
194 fund to the credit of the State Veterans Affairs Board, which  
195 shall be comprised of the monies required to be deposited into the  
196 fund under Section 27-69-75(2)(c), and any other funds that may be  
197 made available for the fund by the Legislature.



198           (b) Monies in the fund shall be expended by the State  
199 Veterans Affairs Board, upon appropriation by the Legislature, for  
200 funding the increased costs to the board of operating and  
201 maintaining the state veterans homes located in Jackson, Kosciusko  
202 and Oxford, Mississippi, which were previously managed by third  
203 parties under contract with the board.

204           (c) Unexpended amounts remaining in the special fund at  
205 the end of a fiscal year shall not lapse into the State General  
206 Fund, and any interest earned or investment earnings on amounts in  
207 the special fund shall be deposited to the credit of the special  
208 fund.

209           (4) (a) There is created in the State Treasury a special  
210 fund to the credit of the Research Institute of Pharmaceutical  
211 Sciences, which shall be comprised of the monies required to be  
212 deposited into the fund under Section 27-69-75(2)(d), and any  
213 other funds that may be made available for the fund by the  
214 Legislature.

215           (b) Monies in the fund shall be expended by the  
216 Research Institute of Pharmaceutical Sciences, upon appropriation  
217 by the Legislature, for funding educational and research programs  
218 for the preparation of practicing pharmacists in Mississippi.

219           (c) Unexpended amounts remaining in the special fund at  
220 the end of a fiscal year shall not lapse into the State General  
221 Fund, and any interest earned or investment earnings on amounts in  
222 the special fund shall be deposited to the credit of the special  
223 fund.

224           (5) This section shall stand repealed on July 1, 2007.

225           **SECTION 5.** This act shall take effect and be in force from  
226 and after July 1, 2002.

