MISSISSIPPI LEGISLATURE
REGULAR SESSION 2002

By: Representatives Eads, Scott (17th), Whittington
To: Ways and Means

HOUSE BILL NO. 1673

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SECTION 27-69-31, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING PROVISIONS; TO PROVIDE THAT THIS ACT WILL STAND REPEALED ON JULY 1, 2007; AND FOR RELATED PURPOSES.

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

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

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

(a) On cigarettes, the rate of tax shall be Eighteen-twentieths of One Cent (18/20 of 1¢) on each cigarette sold with a maximum length of one hundred twenty (120) millimeters; any cigarette in excess of this length shall be taxed as if it were two (2) or more cigarettes. ** However, if the federal tax rate on cigarettes in effect on July 1, 1985, is reduced, then the rate as provided in this paragraph (a) shall be increased by the amount of the federal tax reduction. That tax
increase shall take effect on the first day of the month following the effective date of the reduction in the federal tax rate.

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

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

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

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

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

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

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

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

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

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

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

27-69-75. (1) All taxes levied by this chapter shall be payable to the commissioner in cash, or by personal check, cashier's check, bank exchange, post-office money order or express money order, and shall be deposited by the commissioner in the State Treasury on the same day collected. No remittance other than cash shall be a final discharge of liability for the tax assessed and levied under this chapter, unless and until it has been paid in cash to the commissioner.
(2) The revenue derived from the taxes levied in Sections 27-69-13(1)(b) and 27-69-13(1)(d) shall be deposited into the State Treasury, as follows:

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

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

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

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

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

(3) All tobacco taxes collected, including tobacco license taxes, except for those revenues required to be deposited into the special funds as provided in paragraphs (a) through (d) of...
subsection (2) of this section, shall be deposited into the State Treasury to the credit of the General Fund.

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

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

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

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

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

This section shall stand repealed on July 1, 2007.

SECTION 4. (1) (a) There is created in the State Treasury a special fund to the credit of the University of Mississippi Medical Center, which shall be comprised of the monies required to be deposited into the fund under Section 27-69-75(2)(a), and any
other funds that may be made available for the fund by the Legislature.

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

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

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

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

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

(3) (a) There is created in the State Treasury a special fund to the credit of the State Veterans Affairs Board, which shall be comprised of the monies required to be deposited into the fund under Section 27-69-75(2)(c), and any other funds that may be made available for the fund by the Legislature.
ST: Tobacco products; increase excise tax on, and earmark revenues from increase for certain purposes.

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

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

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

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

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

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

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