

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

To: Ways and Means

HOUSE BILL NO. 1492

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 VETERANS
10 AFFAIRS BOARD AND THE GOVERNOR'S OFFICE-DIVISION OF MEDICAID; TO
11 SPECIFY THE PURPOSES FOR WHICH THE MONIES IN EACH SPECIAL FUND MAY
12 BE EXPENDED; TO AMEND SECTION 27-69-31, MISSISSIPPI CODE OF 1972,
13 TO CONFORM TO THE PRECEDING PROVISIONS; TO PROVIDE THAT THIS ACT
14 WILL STAND REPEALED ON JULY 1, 2011; AND FOR RELATED PURPOSES.

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

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

18 27-69-13. (1) There is * * * imposed, levied and assessed,
19 to be collected and paid as hereinafter provided in this chapter,
20 an excise tax on each person or dealer in cigarettes, cigars,
21 stogies, snuff, chewing tobacco, and smoking tobacco, or
22 substitutes therefor, upon the sale, use, consumption, handling or
23 distribution in the State of Mississippi, as follows:

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



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

39 (ii) On or before the fifteenth of August 2003,
40 and each succeeding month thereafter, the revenue derived from the
41 excise tax on cigarettes that is levied by subparagraph (i) of
42 this paragraph shall be deposited into the appropriate funds in
43 the State Treasury as provided in Section 27-69-75.

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

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

53 (ii) On or before the fifteenth day of August
54 2003, and each succeeding month thereafter, the revenue derived
55 from the excise tax on other tobacco products, except cigarettes,
56 that is levied by subparagraph (i) of this paragraph shall be
57 deposited into the appropriate funds in the State Treasury as
58 provided in Section 27-69-75.

59 (2) No stamp evidencing the tax * * * levied on cigarettes
60 by this section shall be of a denomination of less than One Cent
61 (1¢), and whenever the tax computed at the rates * * * prescribed
62 on cigarettes in this section is a specified amount, plus a
63 fractional part of One Cent (1¢), the package shall be stamped for
64 the next full cent. However, (a) the additional face value of
65 stamps purchased to comply with taxes imposed by subsection (1)(a)
66 and subsection (1)(c) of this section after June 1, 1985, shall be



67 subject to a four percent (4%) discount or compensation to dealers
68 for their services rather than the eight percent (8%) discount or
69 compensation allowed by Section 27-69-31; and (b) the additional
70 face value of stamps purchased to comply with taxes imposed by
71 subsection (1)(b) and subsection (1)(d) of this section after July
72 1, 2003, shall be subject to a three percent (3%) discount or
73 compensation to dealers for their services rather than the eight
74 percent (8%) discount or compensation allowed by Section 27-69-31.

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

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

86 (5) This section shall stand repealed on July 1, 2011.

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

89 27-69-75. (1) All taxes levied by this chapter shall be
90 payable to the commissioner in cash, or by personal check,
91 cashier's check, bank exchange, post-office money order or express
92 money order, and shall be deposited by the commissioner in the
93 State Treasury on the same day collected. No remittance other
94 than cash shall be a final discharge of liability for the
95 tax * * * assessed and levied under this chapter, unless and until
96 it has been paid in cash to the commissioner.

97 (2) The revenue derived from the taxes levied in Sections
98 27-69-13(1)(b) and 27-69-13(1)(d) shall be deposited into the
99 State Treasury, as follows:



100 (a) Seven percent (7%) of the revenue collected, not to
101 exceed Eight Million Dollars (\$8,000,000.00) of the revenue
102 collected during any fiscal year, shall be deposited in the
103 special fund to the credit of the University of Mississippi
104 Medical Center that is created by Section 4(1) of this act.

105 (b) Four percent (4%) of the revenue collected, not to
106 exceed Five Million Dollars (\$5,000,000.00) of the revenue
107 collected during any fiscal year, shall be deposited in the
108 special fund to the credit of the State Veterans Affairs Board
109 that is created by Section 4(2) of this act.

110 (c) The remainder of the revenue collected shall be
111 deposited in the special fund in the State Treasury to the credit
112 of the Governor's Office-Division of Medicaid to be expended by
113 the division for the purposes authorized under the Mississippi
114 Medicaid Law.

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

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

129 (5) This section shall stand repealed on July 1, 2011.

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



132 27-69-31. Dealers subject to the provisions of this chapter
133 shall be allowed, as compensation for their services in affixing
134 the stamps * * * required by this chapter, a sum equal to eight
135 percent (8%) of the face value of the stamps purchased by them,
136 except as otherwise provided in Section 27-69-13(2); however, the
137 commission shall allow no discount on the purchase of stamps by
138 wholesalers of an aggregate amount of less than One Hundred
139 Dollars (\$100.00), and by retailers of an aggregate amount of less
140 than Fifty Dollars (\$50.00) in any one order.

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

146 This section shall stand repealed on July 1, 2011.

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

153 (b) Monies in the fund shall be expended by the
154 University of Mississippi Medical Center, upon appropriation by
155 the Legislature, for expansion of the "A Comprehensive Tobacco
156 Program" (ACT Program) administered by the University of
157 Mississippi Medical Center.

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

163 (2) (a) There is created in the State Treasury a special
164 fund to the credit of the State Veterans Affairs Board, which



165 shall be comprised of the monies required to be deposited into the
166 fund under Section 27-69-75(2)(b), and any other funds that may be
167 made available for the fund by the Legislature.

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

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 (3) This section shall stand repealed on July 1, 2011.

180 **SECTION 5.** This act shall take effect and be in force from
181 and after July 1, 2003.

