

By: Senator(s) Dawkins

To: Finance

SENATE BILL NO. 2880

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,  
 2 TO INCREASE THE EXCISE TAX ON TOBACCO PRODUCTS OTHER THAN  
 3 CIGARETTES; TO AMEND SECTION 27-69-75, MISSISSIPPI CODE OF 1972,  
 4 TO PROVIDE THAT A PORTION OF THE REVENUE DERIVED FROM THE TAX  
 5 INCREASE PROVIDED FOR BY THIS ACT SHALL BE DEPOSITED INTO SPECIAL  
 6 FUNDS IN THE STATE TREASURY TO THE CREDIT OF THE UNIVERSITY OF  
 7 MISSISSIPPI MEDICAL CENTER AND THE DIVISION OF MEDICAID; TO  
 8 PROVIDE THAT THE REVENUE DERIVED FROM THE TAX INCREASE PROVIDED  
 9 FOR IN THIS ACT THAT IS NOT DEPOSITED IN SUCH SPECIAL FUNDS SHALL  
 10 BE DEPOSITED INTO THE STATE GENERAL FUND; TO CREATE EACH OF THOSE  
 11 SPECIAL FUNDS IN THE STATE TREASURY FOR THOSE ENTITIES AND TO  
 12 SPECIFY THE PURPOSES FOR WHICH THE MONIES IN EACH SPECIAL FUND MAY  
 13 BE EXPENDED; TO AMEND SECTION 27-69-31, MISSISSIPPI CODE OF 1972,  
 14 TO CONFORM TO THE PRECEDING PROVISIONS; 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) On cigars, cheroots, stogies, snuff, chewing and  
35 smoking tobacco and all other tobacco products except cigarettes,  
36 the rate of tax shall be fifteen percent (15%) of the  
37 manufacturer's list price.

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

43 (ii) On or before the fifteenth day of August  
44 2003, and each succeeding month thereafter, the revenue derived  
45 from the excise tax on other tobacco products, except cigarettes,  
46 that is levied by subparagraph (i) of this paragraph shall be  
47 deposited into the appropriate funds in the State Treasury as  
48 provided in Section 27-69-75.

49 (2) No stamp evidencing the tax \* \* \* levied on cigarettes  
50 by this section shall be of a denomination of less than One Cent  
51 (1¢), and whenever the tax computed at the rates \* \* \* prescribed  
52 on cigarettes in this section is a specified amount, plus a  
53 fractional part of One Cent (1¢), the package shall be stamped for  
54 the next full cent. However, the additional face value of stamps  
55 purchased to comply with taxes imposed by subsection (1)(a) of  
56 this section after June 1, 1985, shall be subject to a four  
57 percent (4%) discount or compensation to dealers for their  
58 services rather than the eight percent (8%) discount or  
59 compensation allowed by Section 27-69-31.

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

63 (4) The \* \* \* tax levied by this chapter is levied upon the  
64 sale, use, gift, possession or consumption of tobacco within the  
65 State of Mississippi, and the impact of the tax levied by this  
66 chapter is \* \* \* declared to be on the vendee, user, consumer or



67 possessor of tobacco in this state. \* \* \* When the tax is paid by  
68 any other person, the payment shall be considered as an advance  
69 payment and shall thereafter be added to the price of the tobacco  
70 and recovered from the ultimate consumer or user.

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

73 27-69-75. (1) All taxes levied by this chapter shall be  
74 payable to the commissioner in cash, or by personal check,  
75 cashier's check, bank exchange, post office money order or express  
76 money order, and shall be deposited by the commissioner in the  
77 State Treasury on the same day collected. No remittance other  
78 than cash shall be a final discharge of liability for the  
79 tax \* \* \* assessed and levied under this chapter, unless and until  
80 it has been paid in cash to the commissioner.

81 (2) The revenue derived from the taxes levied in Section  
82 27-69-13(1)(c) shall be deposited into the State Treasury, as  
83 follows:

84 (a) Six and two-tenths percent (6.2%) of the revenue  
85 collected during any fiscal year shall be deposited in the special  
86 fund to the credit of the University of Mississippi Medical Center  
87 that is created by Section 4(1) of Senate Bill No. 2880, 2003  
88 Regular Session.

89 (b) Forty-seven percent (47%) of the revenue collected  
90 during any fiscal year shall be deposited in the special fund to  
91 the credit of the Division of Medicaid that is created by Section  
92 4(2) of Senate Bill No. 2880, 2003 Regular Session.

93 (c) Any amount of the revenue collected that exceeds  
94 the amounts required to be deposited into the special funds as  
95 provided in paragraphs (a) and (b) of this subsection shall be  
96 deposited into the State General Fund.

97 (3) All tobacco taxes collected, including tobacco license  
98 taxes, except for those revenues required to be deposited into the  
99 special funds as provided in paragraphs (a) and (b) of subsection



100 (2) of this section, shall be deposited into the State Treasury to  
101 the credit of the General Fund.

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

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

113 27-69-31. Dealers subject to the provisions of this chapter  
114 shall be allowed, as compensation for their services in affixing  
115 the stamps \* \* \* required by this chapter, a sum equal to eight  
116 percent (8%) of the face value of the stamps purchased by them,  
117 except as otherwise provided in Section 27-69-13(2); however, the  
118 commission shall allow no discount on the purchase of stamps by  
119 wholesalers of an aggregate amount of less than One Hundred  
120 Dollars (\$100.00), and by retailers of an aggregate amount of less  
121 than Fifty Dollars (\$50.00) in any one order.

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

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



133           (b) Monies in the fund shall be expended by the  
134 University of Mississippi Medical Center, upon appropriation by  
135 the Legislature, to fund a statewide adult smoking cessation  
136 program.

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

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

147           (b) Monies in the fund shall be expended by the  
148 Division of Medicaid, upon appropriation by the Legislature.

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

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

