

By: Senator(s) Dawkins

To: Finance

SENATE BILL NO. 3060

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,  
2 TO INCREASE THE EXCISE TAX ON CIGARETTES; TO SPECIFY THE AMOUNT OF  
3 THE DISCOUNT OR COMPENSATION ON THE ADDITIONAL FACE VALUE OF  
4 STAMPS PURCHASED BY DEALERS TO COMPLY WITH THE TAX INCREASE  
5 PROVIDED FOR BY THIS ACT; TO AMEND SECTION 27-69-75, MISSISSIPPI  
6 CODE OF 1972, TO PROVIDE THAT THE REVENUE DERIVED FROM THE TAX  
7 INCREASE PROVIDED FOR BY THIS ACT SHALL BE DEPOSITED INTO THE  
8 SPECIAL FUND IN THE STATE TREASURY TO THE CREDIT OF THE GOVERNOR'S  
9 OFFICE-DIVISION OF MEDICAID; TO AMEND SECTION 27-69-31 MISSISSIPPI  
10 CODE OF 1972, IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

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

14 27-69-13. (1) There is \* \* \* imposed, levied and assessed,  
15 to be collected and paid as hereinafter provided in this chapter,  
16 an excise tax on each person or dealer in cigarettes, cigars,  
17 stogies, snuff, chewing tobacco, and smoking tobacco, or  
18 substitutes therefor, upon the sale, use, consumption, handling or  
19 distribution in the State of Mississippi, as follows:

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

30 (b) (i) In addition to the excise tax levied by  
31 paragraph (a), there is levied an excise tax of Two and One-half

32 Cents (2 1/2¢) on each cigarette sold with a maximum length of one  
33 hundred twenty (120) millimeters; any cigarette in excess of this  
34 length shall be taxed as if it were two (2) or more cigarettes.

35 (ii) On or before the fifteenth of August 2004,  
36 and each succeeding month thereafter, the revenue derived from the  
37 excise tax on cigarettes that is levied by subparagraph (i) of  
38 this paragraph shall be deposited into the special fund in the  
39 State Treasury to the credit of the Governor's Office-Division of  
40 Medicaid as provided in Section 27-69-75.

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

45 (2) No stamp evidencing the tax \* \* \* levied on cigarettes  
46 by this section shall be of a denomination of less than One Cent  
47 (1¢), and whenever the tax computed at the rates \* \* \* prescribed  
48 on cigarettes in this section is a specified amount, plus a  
49 fractional part of One Cent (1¢), the package shall be stamped for  
50 the next full cent. However, (a) the additional face value of  
51 stamps purchased to comply with taxes imposed by subsection (1)(a)  
52 and subsection (1)(c) of this section after June 1, 1985, shall be  
53 subject to a four percent (4%) discount or compensation to dealers  
54 for their services rather than the eight percent (8%) discount or  
55 compensation allowed by Section 27-69-31; and (b) the additional  
56 face value of stamps purchased to comply with taxes imposed by  
57 subsection (1)(b) of this section after July 1, 2004, shall be  
58 subject to a three percent (3%) discount or compensation to  
59 dealers for their services rather than the eight percent (8%)  
60 discount or compensation allowed by Section 27-69-31.

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

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

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

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

82       (2) The revenue derived from the taxes levied in Section  
83 27-69-13(1)(b) shall be deposited into the special fund in the  
84 State Treasury to the credit of the Governor's Office-Division of  
85 Medicaid to be expended by the division for the purposes  
86 authorized under the Mississippi Medicaid Law.

87       (3) All tobacco taxes collected, including tobacco license  
88 taxes, except for those revenues required to be deposited into the  
89 special fund as provided in subsection (2) of this section, shall  
90 be deposited into the State Treasury to the credit of the General  
91 Fund.

92       (4) Wholesalers who are entitled to purchase stamps at a  
93 discount, as provided by Section 27-69-31, may have consigned to  
94 them, without advance payment, those stamps, if and when the  
95 wholesaler \* \* \* gives to the commissioner a good and sufficient  
96 bond executed by some surety company authorized to do business in

97 this state, conditioned to secure the payment for the stamps so  
98 consigned. The commissioner shall require payment for those  
99 stamps not later than thirty (30) days from the date the stamps  
100 were consigned.

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

103 27-69-31. Dealers subject to the provisions of this chapter  
104 shall be allowed, as compensation for their services in affixing  
105 the stamps \* \* \* required by this chapter, a sum equal to eight  
106 percent (8%) of the face value of the stamps purchased by them,  
107 except as otherwise provided in Section 27-69-13(2); however, the  
108 commission shall allow no discount on the purchase of stamps by  
109 wholesalers of an aggregate amount of less than One Hundred  
110 Dollars (\$100.00), and by retailers of an aggregate amount of less  
111 than Fifty Dollars (\$50.00) in any one (1) order.

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

117 **SECTION 4.** This act shall take effect and be in force from  
118 and after July 1, 2004.