

By: Representatives Watson, Stringer

To: Ways and Means

HOUSE BILL NO. 208

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,
 2 TO INCREASE THE EXCISE TAX ON CIGARETTES; TO AMEND SECTION
 3 27-69-75, MISSISSIPPI CODE OF 1972, SHALL BE DEPOSITED INTO
 4 SPECIAL FUNDS IN THE STATE TREASURY TO THE CREDIT OF THE
 5 UNIVERSITY OF MISSISSIPPI MEDICAL CENTER, THE DEPARTMENT OF
 6 FINANCE AND ADMINISTRATION, THE DEPARTMENT OF PUBLIC SAFETY, THE
 7 STATE VETERANS AFFAIRS BOARD, THE STATE DEPARTMENT OF EDUCATION,
 8 THE BOARD OF TRUSTEES OF STATE INSTITUTIONS OF HIGHER LEARNING,
 9 THE STATE BOARD FOR COMMUNITY AND JUNIOR COLLEGES, THE DEPARTMENT
 10 OF MENTAL HEALTH AND THE MISSISSIPPI DEVELOPMENT AUTHORITY, AND
 11 INTO THE RURAL FIRE TRUCK FUND; TO SPECIFY THE PURPOSES FOR WHICH
 12 THE MONIES IN SUCH SPECIAL FUNDS MAY BE EXPENDED; AND FOR RELATED
 13 PURPOSES.

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

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

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

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

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

38 (ii) On or before August 15, 2006, and each
39 succeeding month thereafter, the revenue derived from the excise
40 tax on cigarettes that is levied by subparagraph (i) of this
41 paragraph shall be deposited into the appropriate funds in the
42 State Treasury as provided in Section 27-69-75.

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

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

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

60 (4) The * * * tax levied by this chapter is levied upon the
61 sale, use, gift, possession or consumption of tobacco within the
62 State of Mississippi, and the impact of the tax levied by this
63 chapter is hereby declared to be on the vendee, user, consumer or
64 possessor of tobacco in this state. When the said tax is paid by
65 any other person, such payment shall be considered as an advance

66 payment and shall thereafter be added to the price of the tobacco
67 and recovered from the ultimate consumer or user.

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

70 27-69-75. (1) All taxes levied by this chapter shall be
71 payable to the commissioner in cash, or by personal check,
72 cashier's check, bank exchange, post office money order or express
73 money order, and shall be deposited by the commissioner in the
74 State Treasury on the same day collected. No remittance other
75 than cash shall be a final discharge of liability for the
76 tax * * * assessed and levied under this chapter, unless and until
77 it has been paid in cash to the commissioner.

78 (2) The revenue derived from the taxes levied in Section
79 27-69-13(1)(b) shall be deposited into the State Treasury, as
80 follows:

81 (a) Fourteen percent (14%) of the revenue collected
82 shall be deposited into the special fund to the credit of the
83 University of Mississippi Medical Center that is created by
84 Section 3(1) of this act.

85 (b) Eight percent (8%) of the revenue collected shall
86 be deposited into the special fund to the credit of the Department
87 of Finance and Administration that is created by Section 3(2) of
88 this act.

89 (c) Three percent (3%) of the revenue collected shall
90 be deposited into the special fund to the credit of the University
91 of Mississippi Medical Center that is created by Section 3(3) of
92 this act.

93 (d) Two percent (2%) of the revenue collected shall be
94 deposited into the special fund to the credit of the Department of
95 Public Safety, Division of Mississippi Highway Safety Patrol, that
96 is created by Section 3(4) of this act.

97 (e) One percent (1%) of the revenue collected shall be
98 deposited into the special fund to the credit of the Department of

99 Public Safety, Division of Crime Laboratories, that is created by
100 Section 3(5) of this act.

101 (f) One percent (1%) of the revenue collected shall be
102 deposited into the special fund to the credit of the Department of
103 Public Safety, Bureau of Narcotics, that is created by Section
104 3(6) of this act.

105 (g) Two percent (2%) of the revenue collected shall be
106 deposited into the special fund to the credit of the State
107 Veterans Affairs Board that is created by Section 3(7) of this
108 act.

109 (h) Twenty percent (20%) of the revenue collected shall
110 be deposited into the special fund to the credit of the State
111 Department of Education that is created by Section 3(8) of this
112 act.

113 (i) Twenty percent (20%) of the revenue collected shall
114 be deposited into the special fund to the credit of the Board of
115 Trustees of State Institutions of Higher Learning that is created
116 by Section 3(9) of this act.

117 (j) Twenty percent (20%) of the revenue collected shall
118 be deposited into the special fund to the credit of the State
119 Board for Community and Junior Colleges that is created by Section
120 3(10) of this act.

121 (k) One percent (1%) of the revenue collected shall be
122 deposited into the special fund to the credit of the Department of
123 Mental Health that is created by Section 3(11) of this act.

124 (l) Four percent (4%) of the revenue collected shall be
125 deposited into the special fund to the credit of the Mississippi
126 Development Authority that is created by Section 3(12) of this
127 act.

128 (m) Four percent (4%) of the revenue collected shall be
129 deposited into the Rural Fire Truck Fund created in Section
130 17-23-1.

131 (3) All tobacco taxes collected, including tobacco license
132 taxes, except for those revenues required to be deposited into the
133 special fund as provided in subsection (2) of this section, shall
134 be deposited into the State Treasury to the credit of the General
135 Fund.

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

145 SECTION 3. (1) (a) There is created in the State Treasury
146 a special fund to the credit of the University of Mississippi
147 Medical Center, which shall be comprised of the monies required to
148 be deposited into the fund under Section 27-69-75(2)(a), and any
149 other funds that may be made available for the fund by the
150 Legislature.

151 (b) Monies in the fund shall be expended by the
152 University of Mississippi Medical Center, upon appropriation by
153 the Legislature, to pay the costs of medical services provided by
154 the center for which it does not receive compensation or
155 reimbursement from any other source.

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

161 (2) (a) There is created in the State Treasury a special
162 fund to the credit of the Department of Finance and
163 Administration, which shall be comprised of the monies required to

164 be deposited into the fund under Section 27-69-75(2)(b), and any
165 other funds that may be made available for the fund by the
166 Legislature.

167 (b) Monies in the fund shall be expended by the
168 Department of Finance and Administration, upon appropriation by
169 the Legislature, to aid in the construction, furnishing, equipping
170 and operating of a comprehensive burn center for the State of
171 Mississippi.

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

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

183 (b) Monies in the fund shall be expended by the
184 University of Mississippi Medical Center, upon appropriation by
185 the Legislature, to aid in the construction, furnishing, equipping
186 and operating of the University Medical Center Cancer Institute.

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

192 (4) (a) There is created in the State Treasury a special
193 fund to the credit of the Department of Public Safety, Division of
194 Mississippi Highway Safety Patrol, which shall be comprised of the
195 monies required to be deposited into the fund under Section

196 27-69-75(2)(d), and any other funds that may be made available for
197 the fund by the Legislature.

198 (b) Monies in the fund shall be expended by the
199 Department of Public Safety, upon appropriation by the
200 Legislature, for the purpose of defraying the expenses of a
201 Highway Patrol Trooper Training Class for the fiscal year
202 beginning July 1, 2006, and ending June 30, 2007, and for the
203 support and maintenance of the Division of Mississippi Highway
204 Safety Patrol.

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

210 (5) (a) There is created in the State Treasury a special
211 fund to the credit of the Department of Public Safety, Division of
212 Crime Laboratories, which shall be comprised of the monies
213 required to be deposited into the fund under Section
214 27-69-75(2)(e), and any other funds that may be made available for
215 the fund by the Legislature.

216 (b) Monies in the fund shall be expended by the
217 Department of Public Safety, upon appropriation by the
218 Legislature, for the support and maintenance of the Division of
219 Crime Laboratories.

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

225 (6) (a) There is created in the State Treasury a special
226 fund to the credit of the Department of Public Safety, Bureau of
227 Narcotics, which shall be comprised of the monies required to be
228 deposited into the fund under Section 27-69-75(2)(f), and any

229 other funds that may be made available for the fund by the
230 Legislature.

231 (b) Monies in the fund shall be expended by the
232 Department of Public Safety, upon appropriation by the
233 Legislature, for the support and maintenance of the Bureau of
234 Narcotics.

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

240 (7) (a) There is created in the State Treasury a special
241 fund to the credit of the State Veterans Affairs Board, which
242 shall be comprised of the monies required to be deposited into the
243 fund under Section 27-69-75(2)(g), and any other funds that may be
244 made available for the fund by the Legislature.

245 (b) Monies in the fund shall be expended by the State
246 Veterans Affairs Board, upon appropriation by the Legislature, for
247 operating and maintaining the state veterans homes.

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

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

258 (b) Monies in the fund shall be expended by the State
259 Department of Education, upon appropriation by the Legislature,
260 for the support of public education in kindergarten through Grade
261 12.

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

267 (9) (a) There is created in the State Treasury a special
268 fund to the credit of the Board of Trustees of State Institutions
269 of Higher Learning, which shall be comprised of the monies
270 required to be deposited into the fund under Section
271 27-69-75(2)(i), and any other funds that may be made available for
272 the fund by the Legislature.

273 (b) Monies in the fund shall be expended by the Board
274 of Trustees of State Institutions of Higher Learning, upon
275 appropriation by the Legislature, for the support of state
276 institutions of higher learning.

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

282 (10) (a) There is created in the State Treasury a special
283 fund to the credit of the State Board for Community and Junior
284 Colleges, which shall be comprised of the monies required to be
285 deposited into the fund under Section 27-69-75(2)(j), and any
286 other funds that may be made available for the fund by the
287 Legislature.

288 (b) Monies in the fund shall be expended by the State
289 Board for Community and Junior Colleges, upon appropriation by the
290 Legislature, for the support of community and junior colleges.

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

294 the special fund shall be deposited to the credit of the special
295 fund.

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

301 (b) Monies in the fund shall be expended by the
302 Department of Mental Health, upon appropriation by the
303 Legislature, to provide funds to Hope for Children in Meridian,
304 Mississippi, for the purpose of providing residential and
305 therapeutic care for abused and neglected children who are or are
306 at risk of being emotionally disturbed because of abuse or neglect
307 they have suffered.

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

313 (12) (a) There is created in the State Treasury a special
314 fund to the credit of the Mississippi Development Authority, which
315 shall be comprised of the monies required to be deposited into the
316 fund under Section 27-69-75(2)(l), and any other funds that may be
317 made available for the fund by the Legislature.

318 (b) Monies in the fund shall be expended by the
319 Mississippi Development Authority, for the purpose of making
320 grants or loans to municipalities and counties to aid in
321 infrastructure-related improvements as determined by the
322 Mississippi Development Authority, the purchase of equipment and
323 in the purchase, construction or repair and renovation of public
324 facilities.

325 (c) Unexpended amounts remaining in the special fund at
326 the end of a fiscal year shall not lapse into the State General

327 Fund, and any interest earned or investment earnings on amounts in
328 the special fund shall be deposited to the credit of the special
329 fund.

330 **SECTION 4.** This act shall take effect and be in force from
331 and after July 1, 2006.