

By: Representatives Whittington, Mayo

To: Ways and Means

HOUSE BILL NO. 435

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, TO PROVIDE THAT THE REVENUE  
4 DERIVED FROM THE TAX INCREASE PROVIDED FOR BY THIS ACT SHALL BE  
5 DEPOSITED INTO THE SPECIAL FUND IN THE STATE TREASURY TO THE  
6 CREDIT OF THE GOVERNOR'S OFFICE-DIVISION OF MEDICAID; AND FOR  
7 RELATED PURPOSES.

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

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

11 27-69-13. (1) There is hereby imposed, levied and assessed,  
12 to be collected and paid as hereinafter provided in this chapter,  
13 an excise tax on each person or dealer in cigarettes, cigars,  
14 stogies, snuff, chewing tobacco, and smoking tobacco, or  
15 substitutes therefor, upon the sale, use, consumption, handling or  
16 distribution in the State of Mississippi, as follows:

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

27 (b) (i) In addition to the excise tax levied by  
28 paragraph (a), there is levied an excise tax of Five Cents (5¢) on  
29 each cigarette sold with a maximum length of one hundred twenty

30 (120) millimeters; any cigarette in excess of this length shall be  
31 taxed as if it were two (2) or more cigarettes.

32 (ii) On or before August 15, 2006, and each  
33 succeeding month thereafter, the revenue derived from the excise  
34 tax on cigarettes that is levied by subparagraph (i) of this  
35 paragraph shall be deposited into the special fund in the State  
36 Treasury to the credit of the Governor's Office-Division of  
37 Medicaid as provided in Section 27-69-75.

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

42 (2) No stamp evidencing the tax \* \* \* levied on cigarettes  
43 by this section shall be of a denomination of less than One Cent  
44 (1¢), and whenever the tax computed at the rates \* \* \* prescribed  
45 on cigarettes in this section is a specified amount, plus a  
46 fractional part of One Cent (1¢), the package shall be stamped for  
47 the next full cent. However, the additional face value of stamps  
48 purchased to comply with taxes imposed by this section after June  
49 1, 1985, shall be subject to a four percent (4%) discount or  
50 compensation to dealers for their services rather than the eight  
51 percent (8%) discount or compensation allowed by Section 27-69-31.

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

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

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

65           27-69-75. (1) All taxes levied by this chapter shall be  
66 payable to the commissioner in cash, or by personal check,  
67 cashier's check, bank exchange, post office money order or express  
68 money order, and shall be deposited by the commissioner in the  
69 State Treasury on the same day collected. No remittance other  
70 than cash shall be a final discharge of liability for the  
71 tax \* \* \* assessed and levied under this chapter, unless and until  
72 it has been paid in cash to the commissioner.

73           (2) The revenue derived from the tax levied in Section  
74 27-69-13(1)(b) shall be deposited into the special fund in the  
75 State Treasury to the credit of the Governor's Office-Division of  
76 Medicaid to be expended by the division for the purposes  
77 authorized under the Mississippi Medicaid Law.

78           (3) All tobacco taxes collected, including tobacco license  
79 taxes, except for those revenues required to be deposited into the  
80 special fund as provided in subsection (2) of this section, shall  
81 be deposited into the State Treasury to the credit of the General  
82 Fund.

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

92           **SECTION 3.** This act shall take effect and be in force from  
93 and after July 1, 2006.