

By: Representatives Whittington, Holloway

To: Ways and Means

HOUSE BILL NO. 730

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. Provided, however, if
22 the 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 as 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 (b) shall be deposited into the special fund in the
36 State 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.