

By: Senator(s) Wiggins

To: Finance; Medicaid

SENATE BILL NO. 2701

1 AN ACT TO AMEND SECTIONS 27-69-13 AND 27-69-75, MISSISSIPPI  
 2 CODE OF 1972, TO INCREASE THE EXCISE TAX ON CIGARETTES, TO CREATE  
 3 THE "MEDICAID PROGRAM TOBACCO CESSATION FUND" AND TO DEDICATE THE  
 4 SAID CIGARETTE EXCISE TAX INCREASE FOR THE PURPOSE OF FUNDING THE  
 5 ANNUAL MEDICAID DEFICIT WITH ANY EXCESS TO BE APPLIED TO THE  
 6 ADMINISTRATION OF THE MEDICAID PROGRAM AND TO TOBACCO CESSATION  
 7 PROGRAMS; AND FOR 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 \* \* \* Ten  
 18 and Nine-tenths Cents (10.9¢) on each cigarette sold with a  
 19 maximum length of one hundred twenty (120) millimeters; any  
 20 cigarette in excess of this length shall be taxed as if it were



21 two (2) or more cigarettes. Provided, however, if the federal tax  
22 rate on cigarettes in effect on June 1, 1985, is reduced, then the  
23 rate as provided herein shall be increased by the amount of the  
24 federal tax reduction. Such tax increase shall take effect on the  
25 first day of the month following the effective date of such  
26 reduction in the federal tax rate.

27 (b) On cigars, cheroots, stogies, snuff, chewing and  
28 smoking tobacco and all other tobacco products except cigarettes,  
29 the rate of tax shall be fifteen percent (15%) of the  
30 manufacturer's list price.

31 No stamp evidencing the tax herein levied on cigarettes shall  
32 be of a denomination of less than One Cent (1¢), and whenever the  
33 tax computed at the rates herein prescribed on cigarettes shall be  
34 a specified amount, plus a fractional part of One Cent (1¢), the  
35 package shall be stamped for the next full cent; however, the  
36 additional face value of stamps purchased to comply with taxes  
37 imposed by this section after June 1, 1985, shall be subject to a  
38 four percent (4%) discount or compensation to dealers for their  
39 services rather than the eight percent (8%) discount or  
40 compensation allowed by Section 27-69-31.

41 Every wholesaler shall purchase stamps as provided in this  
42 chapter, and affix the same to all packages of cigarettes handled  
43 by him as herein provided.

44 The above tax is levied upon the sale, use, gift, possession  
45 or consumption of tobacco within the State of Mississippi, and the



46 impact of the tax levied by this chapter is hereby declared to be  
47 on the vendee, user, consumer or possessor of tobacco in this  
48 state; and when said tax is paid by any other person, such payment  
49 shall be considered as an advance payment and shall thereafter be  
50 added to the price of the tobacco and recovered from the ultimate  
51 consumer or user.

52 (2) There is created in the State Treasury a special fund,  
53 separate and apart from any other fund, to be designated the  
54 "Medicaid Program Tobacco Cessation Fund." From the gross amount  
55 of the Ten and Nine-tenths Cents (10.9¢) excise tax levied under  
56 subsection (1) (a) there shall be deducted Seven and Five-tenths  
57 Cents (7.5¢) to be paid into the Medicaid Program Tobacco  
58 Cessation Fund created under this subsection (2). The payments  
59 shall be made by the Department of Revenue into the Medicaid  
60 Program Tobacco Cessation Fund.

61 (3) The Medicaid Program Tobacco Cessation Fund shall be  
62 used in the following priority:

63 (a) To provide funds to be applied to the current  
64 deficit, if any, in the Medicaid program as certified by the  
65 Department of Finance and Administration, subject to appropriation  
66 by the Legislature;

67 (b) To provide funds for the administration of the  
68 Medicaid program which are part of the deficit in the Medicaid  
69 program as certified by the Department of Finance and  
70 Administration, subject to appropriation by the Legislature; and



71           (c) Any funds appropriated from the Medicaid Program  
72 Tobacco Cessation Fund that are unexpended at the end of a fiscal  
73 year shall not lapse into the State General Fund, and shall be  
74 expended to defray the cost of tobacco cessation programs  
75 authorized by law.

76           (4) The Division of Medicaid, Office of the Governor, shall  
77 make application to the federal Center for Medicare and Medicaid  
78 Services in order to apply the cigarette tax increase dedicated to  
79 the Medicaid program under this section as a state contribution  
80 for applicable federal Medicaid match. The Department of Finance  
81 and Administration shall send notice of any transfers made, or  
82 other action taken under authority of this section, to the  
83 Legislative Budget Office.

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

86           27-69-75. (1) All taxes levied by this chapter shall be  
87 payable to the commissioner in cash, or by personal check,  
88 cashier's check, bank exchange, post office money order or express  
89 money order, and shall be deposited by the commissioner in the  
90 State Treasury on the same day collected. No remittance other  
91 than cash shall be a final discharge of liability for the tax  
92 herein assessed and levied, unless and until it has been paid in  
93 cash to the commissioner.

94           (2) Taxes levied and collected under this chapter shall be  
95 deposited to the State Treasury as follows:



96           (a) All tobacco taxes collected, including tobacco  
97 license taxes, shall be deposited into the State Treasury to the  
98 credit of the General Fund \* \* \*, less than and except Seven and  
99 Five-tenths Cents (7.5¢) per cigarette levied by authority of  
100 Section 27-69-13(1) (a);

101           (b) Seven and Five-tenths Cents (7.5¢) per cigarette  
102 levied by authority of Section 27-69-13(1) (a) to be deposited to  
103 the "Medicaid Program Tobacco Cessation Fund" created in Section  
104 27-69-13(2).

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

114           **SECTION 3.** This act shall take effect and be in force from  
115 and after July 1, 2018.

