

By: Representatives Wallace, Clarke,  
Huddleston, Montgomery (15th), Watson

To: Ways and Means

HOUSE BILL NO. 1755

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,  
 2 TO INCREASE THE EXCISE TAX ON CIGARETTES AND OTHER TOBACCO  
 3 PRODUCTS; TO SPECIFY THE AMOUNT OF THE DISCOUNT OR COMPENSATION ON  
 4 THE ADDITIONAL FACE VALUE OF STAMPS PURCHASED BY DEALERS TO COMPLY  
 5 WITH THE TAX INCREASE PROVIDED FOR BY THIS ACT; TO AMEND SECTION  
 6 27-69-75, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE REVENUE  
 7 DERIVED FROM THE TAX INCREASE PROVIDED FOR BY THIS ACT SHALL BE  
 8 DEPOSITED INTO THE MEDICAID RECIPIENTS TOBACCO ILLNESS FUND IN THE  
 9 STATE TREASURY; TO AMEND SECTION 27-69-31, MISSISSIPPI CODE OF  
 10 1972, TO CONFORM TO THE PRECEDING PROVISIONS; TO CREATE THE  
 11 MEDICAID RECIPIENTS TOBACCO ILLNESS FUND IN THE STATE TREASURY; TO  
 12 PROVIDE THAT THE MONIES IN THE FUND SHALL BE EXPENDED BY THE  
 13 DIVISION OF MEDICAID FOR MEDICAL ASSISTANCE FOR RECIPIENTS OF  
 14 MEDICAID WHO HAVE AN ILLNESS OR AILMENT THAT IS RELATED TO THE  
 15 RECIPIENTS' USE OF TOBACCO OR TOBACCO PRODUCTS; AND FOR RELATED  
 16 PURPOSES.

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

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

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

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



34 increase shall take effect on the first day of the month following  
35 the effective date of the reduction in the federal tax rate.

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

41 (ii) On or before the fifteenth of August 2002,  
42 and each succeeding month thereafter, the revenue derived from the  
43 excise tax on cigarettes that is levied by subparagraph (i) of  
44 this paragraph shall be deposited into the Medicaid Recipients  
45 Tobacco Illness Fund created in Section 4 of this act.

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

50 (d) (i) In addition to the excise tax levied by  
51 paragraph (c), there is levied an excise tax of Fifty Cents (50¢)  
52 on each box, pack or container of cigars, cheroots, stogies,  
53 snuff, chewing and smoking tobacco and all other tobacco products,  
54 except cigarettes.

55 (ii) On or before the fifteenth day of August  
56 2002, and each succeeding month thereafter, the revenue derived  
57 from the excise tax on other tobacco products, except cigarettes,  
58 that is levied by subparagraph (i) of this paragraph shall be  
59 deposited into the Medicaid Recipients Tobacco Illness Fund  
60 created in Section 4 of this act.

61 (2) No stamp evidencing the tax \* \* \* levied on cigarettes  
62 by this section shall be of a denomination of less than One Cent  
63 (1¢), and whenever the tax computed at the rates \* \* \* prescribed  
64 on cigarettes in this section is a specified amount, plus a  
65 fractional part of One Cent (1¢), the package shall be stamped for  
66 the next full cent. However, (a) the additional face value of



67 stamps purchased to comply with taxes imposed by subsection (1)(a)  
68 and subsection (1)(c) of this section after June 1, 1985, shall be  
69 subject to a four percent (4%) discount or compensation to dealers  
70 for their services rather than the eight percent (8%) discount or  
71 compensation allowed by Section 27-69-31; and (b) the additional  
72 face value of stamps purchased to comply with taxes imposed by  
73 subsection (1)(b) and subsection (1)(d) of this section after July  
74 1, 2002, shall be subject to a three percent (3%) discount or  
75 compensation to dealers for their services rather than the eight  
76 percent (8%) discount or compensation allowed by Section 27-69-31.

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

80 (4) The \* \* \* tax levied by this chapter is levied upon the  
81 sale, use, gift, possession, or consumption of tobacco within the  
82 State of Mississippi, and the impact of the tax levied by this  
83 chapter is \* \* \* declared to be on the vendee, user, consumer, or  
84 possessor of tobacco in this state. When the tax is paid by any  
85 other person, the payment shall be considered as an advance  
86 payment and shall thereafter be added to the price of the tobacco  
87 and recovered from the ultimate consumer or user.

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

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

98 (2) The revenue derived from the taxes levied in Sections  
99 27-69-13(b) and 27-69-13(d) shall be deposited into the Medicaid



100 Recipients Tobacco Illness Fund created in Section 4 of this act.  
101 The revenue derived from all other tobacco taxes collected,  
102 including tobacco license taxes, shall be deposited into the State  
103 Treasury to the credit of the General Fund.

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

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

115 27-69-31. Dealers subject to the provisions of this chapter  
116 shall be allowed, as compensation for their services in affixing  
117 the stamps \* \* \* required by this chapter, a sum equal to eight  
118 percent (8%) of the face value of the stamps purchased by them,  
119 except as otherwise provided in Section 27-69-13(2); however, the  
120 commission shall allow no discount on the purchase of stamps by  
121 wholesalers of an aggregate amount of less than One Hundred  
122 Dollars (\$100.00), and by retailers of an aggregate amount of less  
123 than Fifty Dollars (\$50.00) in any one order.

124 It is further provided that the commissioner may, in his  
125 discretion, either reduce the compensation allowed, or disallow  
126 any compensation for the affixing of stamps, for failure of the  
127 dealer to comply with any provisions of the law or rules and  
128 regulations promulgated by the commissioner.

129 **SECTION 4.** There is created in the State Treasury a special  
130 fund to be known as the Medicaid Recipients Tobacco Illness Fund,  
131 which shall be comprised of funds deposited as provided in  
132 Sections 27-69-13 and 27-69-75 and any other funds appropriated,



133 contributed or otherwise made available to the fund. The monies  
134 in the fund shall be expended by the Division of Medicaid for  
135 medical assistance for recipients of Medicaid who have an illness  
136 or ailment that is related to the recipients' use of tobacco or  
137 tobacco products, and may be expended only upon appropriation by  
138 the Legislature. Unexpended monies remaining in the fund at the  
139 end of a fiscal year shall not lapse into the State General Fund,  
140 and any interest earned on monies in the fund shall be deposited  
141 to the credit of the fund.

142         **SECTION 5.** This act shall take effect and be in force from  
143 and after July 1, 2002.

