

By: Senator(s) Dawkins

To: Finance

SENATE BILL NO. 3122

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,
 2 TO INCREASE THE EXCISE TAX ON TOBACCO PRODUCTS; TO SPECIFY THE
 3 AMOUNT OF THE DISCOUNT OR COMPENSATION ON THE ADDITIONAL FACE
 4 VALUE OF STAMPS PURCHASED BY DEALERS TO COMPLY WITH THE TAX
 5 INCREASE PROVIDED FOR BY THIS ACT; TO AMEND SECTION 27-69-75,
 6 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT A PORTION OF THE REVENUE
 7 DERIVED FROM THE TAX INCREASE PROVIDED FOR BY THIS ACT SHALL BE
 8 DEPOSITED INTO SPECIAL FUNDS IN THE STATE TREASURY TO THE CREDIT
 9 OF THE UNIVERSITY OF MISSISSIPPI MEDICAL CENTER AND THE STATE
 10 DEPARTMENT OF EDUCATION; TO PROVIDE THAT THE REVENUE DERIVED FROM
 11 THE TAX INCREASE PROVIDED FOR IN THIS ACT THAT IS NOT DEPOSITED IN
 12 SUCH SPECIAL FUNDS SHALL BE DEPOSITED INTO THE STATE GENERAL FUND;
 13 TO CREATE EACH OF THOSE SPECIAL FUNDS IN THE STATE TREASURY FOR
 14 THOSE ENTITIES AND TO SPECIFY THE PURPOSES FOR WHICH THE MONIES IN
 15 EACH SPECIAL FUND MAY BE EXPENDED; TO AMEND SECTION 27-69-31,
 16 MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING PROVISIONS;
 17 TO PROVIDE THAT THIS ACT WILL STAND REPEALED ON JULY 1, 2007; AND
 18 FOR RELATED PURPOSES.

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

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

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

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



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

38 (b) (i) In addition to the excise tax levied by
39 paragraph (a), there is levied an excise tax of One and One-fourth
40 Cents (1-1/4¢) on each cigarette sold with a maximum length of one
41 hundred twenty (120) millimeters; any cigarette in excess of this
42 length shall be taxed as if it were two (2) or more cigarettes.

43 (ii) On or before the fifteenth of August 2002,
44 and each succeeding month thereafter, the revenue derived from the
45 excise tax on cigarettes that is levied by subparagraph (i) of
46 this paragraph shall be deposited into the appropriate funds in
47 the State Treasury as provided in Section 27-69-75.

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

52 (d) (i) In addition to the excise tax levied by
53 paragraph (c), there is levied an excise tax of five percent (5%)
54 of the manufacturer's list price on cigars, cheroots, stogies,
55 snuff, chewing and smoking tobacco and all other tobacco products,
56 except cigarettes.

57 (ii) On or before the fifteenth day of August
58 2002, and each succeeding month thereafter, the revenue derived
59 from the excise tax on other tobacco products, except cigarettes,
60 that is levied by subparagraph (i) of this paragraph shall be
61 deposited into the appropriate funds in the State Treasury as
62 provided in Section 27-69-75.

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



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

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

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

90 (5) This section shall stand repealed on July 1, 2007.

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

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



101 (2) The revenue derived from the taxes levied in Sections
102 27-69-13(1)(b) and 27-69-13(1)(d) shall be deposited into the
103 State Treasury, as follows:

104 (a) Thirty percent (30%) of the revenue collected
105 during any fiscal year shall be deposited in the special fund to
106 the credit of the University of Mississippi Medical Center that is
107 created by Section 4(1) of Senate Bill No. 3122, 2002 Regular
108 Session.

109 (b) Fifty percent (50%) of the revenue collected during
110 any fiscal year shall be deposited in the special fund to the
111 credit of the State Department of Education that is created by
112 Section 4(2) of Senate Bill No. 3122, 2002 Regular Session.

113 (c) Any amount of the revenue collected that exceeds
114 the amounts required to be deposited into the special funds as
115 provided in paragraphs (a) and (b) of this subsection shall be
116 deposited into the State General Fund.

117 (3) All tobacco taxes collected, including tobacco license
118 taxes, except for those revenues required to be deposited into the
119 special funds as provided in paragraphs (a) and (b) of subsection
120 (2) of this section, shall be deposited into the State Treasury to
121 the credit of the General Fund.

122 (4) Wholesalers who are entitled to purchase stamps at a
123 discount, as provided by Section 27-69-31, may have consigned to
124 them, without advance payment, those stamps, if and when the
125 wholesaler * * * gives to the commissioner a good and sufficient
126 bond executed by some surety company authorized to do business in
127 this state, conditioned to secure the payment for the stamps so
128 consigned. The commissioner shall require payment for those
129 stamps not later than thirty (30) days from the date the stamps
130 were consigned.

131 (5) This section shall stand repealed on July 1, 2007.

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



134 27-69-31. Dealers subject to the provisions of this chapter
135 shall be allowed, as compensation for their services in affixing
136 the stamps * * * required by this chapter, a sum equal to eight
137 percent (8%) of the face value of the stamps purchased by them,
138 except as otherwise provided in Section 27-69-13(2); however, the
139 commission shall allow no discount on the purchase of stamps by
140 wholesalers of an aggregate amount of less than One Hundred
141 Dollars (\$100.00), and by retailers of an aggregate amount of less
142 than Fifty Dollars (\$50.00) in any one order.

143 It is further provided that the commissioner may, in his
144 discretion, either reduce the compensation allowed, or disallow
145 any compensation for the affixing of stamps, for failure of the
146 dealer to comply with any provisions of the law or rules and
147 regulations promulgated by the commissioner.

148 This section shall stand repealed on July 1, 2007.

149 SECTION 4. (1) (a) There is created in the State Treasury
150 a special fund to the credit of the University of Mississippi
151 Medical Center, which shall be comprised of the monies required to
152 be deposited into the fund under Section 27-69-75(2)(a), and any
153 other funds that may be made available for the fund by the
154 Legislature.

155 (b) Monies in the fund shall be expended by the
156 University of Mississippi Medical Center, upon appropriation by
157 the Legislature, for the training of, physicians, dentists, nurses
158 and other health care professionals and allied health personnel at
159 the School of Medicine, the School of Dentistry, the School of
160 Nursing and the School of Health Related Professions.

161 (c) Unexpended amounts remaining in the special fund at
162 the end of a fiscal year shall not lapse into the State General
163 Fund, and any interest earned or investment earnings on amounts in
164 the special fund shall be deposited to the credit of the special
165 fund.



166 (2) (a) There is created in the State Treasury a special
167 fund to the credit of the State Department of Education, which
168 shall be comprised of the monies required to be deposited into the
169 fund under Section 27-69-75(2)(b), and any other funds that may be
170 made available for the fund by the Legislature.

171 (b) Monies in the fund shall be distributed by the
172 State Department of Education, upon appropriation by the
173 Legislature, to the public school districts of the state for
174 purchasing textbooks and classroom supplies.

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

180 (3) This section shall stand repealed on July 1, 2007.

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

