

By: Representatives Eads, Fleming, Scott  
(17th), Whittington

To: Ways and Means

HOUSE BILL NO. 607

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 THE REVENUE DERIVED FROM  
7 THE TAX INCREASE PROVIDED FOR BY THIS ACT SHALL BE DEPOSITED INTO  
8 SPECIAL FUNDS IN THE STATE TREASURY TO THE CREDIT OF THE  
9 UNIVERSITY OF MISSISSIPPI MEDICAL CENTER, THE STATE DEPARTMENT OF  
10 EDUCATION, THE STATE VETERANS AFFAIRS BOARD, THE STATE  
11 INSTITUTIONS OF HIGHER LEARNING AND THE GOVERNOR'S OFFICE-DIVISION  
12 OF MEDICAID, NOT TO EXCEED A MAXIMUM AMOUNT OF THE REVENUE  
13 COLLECTED DURING ANY FISCAL YEAR FOR EACH FUND; TO SPECIFY THE  
14 PURPOSES FOR WHICH THE MONIES IN EACH SPECIAL FUND MAY BE  
15 EXPENDED; TO AMEND SECTION 27-69-31, MISSISSIPPI CODE OF 1972, TO  
16 CONFORM TO THE PRECEDING PROVISIONS; TO PROVIDE THAT THIS ACT WILL  
17 STAND REPEALED ON JULY 1, 2011; AND FOR RELATED PURPOSES.

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

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

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

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



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

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

42 (ii) On or before the fifteenth of August 2003,  
43 and each succeeding month thereafter, the revenue derived from the  
44 excise tax on cigarettes that is levied by subparagraph (i) of  
45 this paragraph shall be deposited into the appropriate funds in  
46 the State Treasury as provided in Section 27-69-75.

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

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

56 (ii) On or before the fifteenth day of August  
57 2003, and each succeeding month thereafter, the revenue derived  
58 from the excise tax on other tobacco products, except cigarettes,  
59 that is levied by subparagraph (i) of this paragraph shall be  
60 deposited into the appropriate funds in the State Treasury as  
61 provided in Section 27-69-75.

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



68 stamps purchased to comply with taxes imposed by subsection (1)(a)  
69 and subsection (1)(c) of this section after June 1, 1985, shall be  
70 subject to a four percent (4%) discount or compensation to dealers  
71 for their services rather than the eight percent (8%) discount or  
72 compensation allowed by Section 27-69-31; and (b) the additional  
73 face value of stamps purchased to comply with taxes imposed by  
74 subsection (1)(b) and subsection (1)(d) of this section after July  
75 1, 2003, shall be subject to a three percent (3%) discount or  
76 compensation to dealers for their services rather than the eight  
77 percent (8%) discount or compensation allowed by Section 27-69-31.

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

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

89 (5) This section shall stand repealed on July 1, 2011.

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

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



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

103           (a) Fifteen percent (15%) of the revenue collected, not  
104 to exceed Eighteen Million Dollars (\$18,000,000.00) of the revenue  
105 collected during any fiscal year, shall be deposited in the  
106 special fund to the credit of the University of Mississippi  
107 Medical Center that is created by Section 4(1) of this act.

108           (b) Seven percent (7%) of the revenue collected, not to  
109 exceed Eight Million Dollars (\$8,000,000.00) of the revenue  
110 collected during any fiscal year, shall be deposited in the  
111 special fund to the credit of the University of Mississippi  
112 Medical Center that is created by Section 4(2) of this act.

113           (c) Twenty-five percent (25%) of the revenue collected,  
114 not to exceed Thirty-one Million Dollars (\$31,000,000.00) of the  
115 revenue collected during any fiscal year, shall be deposited in  
116 the special fund to the credit of the State Department of  
117 Education that is created by Section 4(3) of this act.

118           (d) Four percent (4%) of the revenue collected, not to  
119 exceed Five Million Dollars (\$5,000,000.00) of the revenue  
120 collected during any fiscal year, shall be deposited in the  
121 special fund to the credit of the State Veterans Affairs Board  
122 that is created by Section 4(4) of this act.

123           (e) Thirteen percent (13%) of the revenue collected,  
124 not to exceed Sixteen Million Dollars (\$16,000,000.00) of the  
125 revenue collected during any fiscal year, shall be deposited in  
126 the special fund to the credit of the state institutions of higher  
127 learning that is created by Section 4(5) of this act.

128           (f) Twenty percent (20%) of the revenue collected, not  
129 to exceed Twenty-five Million Dollars (\$25,000,000.00) of the  
130 revenue collected during any fiscal year, shall be deposited in  
131 the special fund in the State Treasury to the credit of the  
132 Governor's Office-Division of Medicaid to be expended by the



133 division for the purposes authorized under the Mississippi  
134 Medicaid Law.

135 (g) Any amount of the revenue collected that exceeds  
136 the amounts required to be deposited into the special funds as  
137 provided in paragraphs (a) through (f) of this subsection shall be  
138 deposited into the State General Fund. However, if at the end of  
139 any fiscal year, the total amount of revenue deposited into any of  
140 the special funds as provided in paragraphs (a) through (f) of  
141 this subsection is less than the maximum dollar amount that may be  
142 deposited into any such special fund during a fiscal year, then  
143 the State Fiscal Officer shall transfer from the revenue deposited  
144 into the State General Fund under this paragraph (g) an amount  
145 necessary to ensure the deposit of the maximum dollar amounts into  
146 each of the special funds as provided in paragraphs (a) through  
147 (f) of this subsection.

148 (3) All tobacco taxes collected, including tobacco license  
149 taxes, except for those revenues required to be deposited into the  
150 special funds as provided in paragraphs (a) through (f) of  
151 subsection (2) of this section, shall be deposited into the State  
152 Treasury to the credit of the General Fund.

153 (4) Wholesalers who are entitled to purchase stamps at a  
154 discount, as provided by Section 27-69-31, may have consigned to  
155 them, without advance payment, those stamps, if and when the  
156 wholesaler \* \* \* gives to the commissioner a good and sufficient  
157 bond executed by some surety company authorized to do business in  
158 this state, conditioned to secure the payment for the stamps so  
159 consigned. The commissioner shall require payment for those  
160 stamps not later than thirty (30) days from the date the stamps  
161 were consigned.

162 (5) This section shall stand repealed on July 1, 2011.

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



165           27-69-31. Dealers subject to the provisions of this chapter  
166 shall be allowed, as compensation for their services in affixing  
167 the stamps \* \* \* required by this chapter, a sum equal to eight  
168 percent (8%) of the face value of the stamps purchased by them,  
169 except as otherwise provided in Section 27-69-13(2); however, the  
170 commission shall allow no discount on the purchase of stamps by  
171 wholesalers of an aggregate amount of less than One Hundred  
172 Dollars (\$100.00), and by retailers of an aggregate amount of less  
173 than Fifty Dollars (\$50.00) in any one order.

174           It is further provided that the commissioner may, in his  
175 discretion, either reduce the compensation allowed, or disallow  
176 any compensation for the affixing of stamps, for failure of the  
177 dealer to comply with any provisions of the law or rules and  
178 regulations promulgated by the commissioner.

179           This section shall stand repealed on July 1, 2011.

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

186           (b) Monies in the fund shall be expended by the  
187 University of Mississippi Medical Center, upon appropriation by  
188 the Legislature, for the training of, physicians, dentists, nurses  
189 and other health care professionals and allied health personnel at  
190 the School of Medicine, the School of Dentistry, the School of  
191 Nursing and the School of Health Related Professions.

192           (c) Unexpended amounts remaining in the special fund at  
193 the end of a fiscal year shall not lapse into the State General  
194 Fund, and any interest earned or investment earnings on amounts in  
195 the special fund shall be deposited to the credit of the special  
196 fund.



197           (2)   (a)   There is created in the State Treasury a special  
198 fund to the credit of the University of Mississippi Medical  
199 Center, which shall be comprised of the monies required to be  
200 deposited into the fund under Section 27-69-75(2)(b), and any  
201 other funds that may be made available for the fund by the  
202 Legislature.

203                   (b)   Monies in the fund shall be expended by the  
204 University of Mississippi Medical Center, upon appropriation by  
205 the Legislature, for expansion of the "A Comprehensive Tobacco  
206 Program" (ACT Program) administered by the University of  
207 Mississippi Medical Center.

208                   (c)   Unexpended amounts remaining in the special fund at  
209 the end of a fiscal year shall not lapse into the State General  
210 Fund, and any interest earned or investment earnings on amounts in  
211 the special fund shall be deposited to the credit of the special  
212 fund.

213           (3)   (a)   There is created in the State Treasury a special  
214 fund to the credit of the State Department of Education, which  
215 shall be comprised of the monies required to be deposited into the  
216 fund under Section 27-69-75(2)(c), and any other funds that may be  
217 made available for the fund by the Legislature.

218                   (b)   Monies in the fund shall be distributed by the  
219 State Department of Education, upon appropriation by the  
220 Legislature, to the public school districts of the state for  
221 purchasing textbooks and classroom supplies.

222                   (c)   Unexpended amounts remaining in the special fund at  
223 the end of a fiscal year shall not lapse into the State General  
224 Fund, and any interest earned or investment earnings on amounts in  
225 the special fund shall be deposited to the credit of the special  
226 fund.

227           (4)   (a)   There is created in the State Treasury a special  
228 fund to the credit of the State Veterans Affairs Board, which  
229 shall be comprised of the monies required to be deposited into the  
230 fund under Section 27-69-75(2)(d), and any other funds that may be  
231 made available for the fund by the Legislature.



232           (b) Monies in the fund shall be expended by the State  
233 Veterans Affairs Board, upon appropriation by the Legislature, for  
234 funding the increased costs to the board of operating and  
235 maintaining the state veterans homes located in Jackson, Kosciusko  
236 and Oxford, Mississippi, which were previously managed by third  
237 parties under contract with the board.

238           (c) Unexpended amounts remaining in the special fund at  
239 the end of a fiscal year shall not lapse into the State General  
240 Fund, and any interest earned or investment earnings on amounts in  
241 the special fund shall be deposited to the credit of the special  
242 fund.

243           (5) (a) There is created in the State Treasury a special  
244 fund to the credit of the state institutions of higher learning,  
245 which shall be comprised of the monies required to be deposited  
246 into the fund under Section 27-69-75(2)(e), and any other funds  
247 that may be made available for the fund by the Legislature.

248           (b) Monies in the fund shall be allocated equally among  
249 the University of Mississippi, Mississippi State University,  
250 Mississippi University for Women, the University of Southern  
251 Mississippi, Delta State University, Alcorn State University,  
252 Jackson State University and Mississippi Valley State University,  
253 and expended by the state institutions of higher learning, upon  
254 appropriation by the Legislature, for health care purposes such as  
255 health care services for students, funding educational and  
256 research programs for the training of students preparing for  
257 careers in the various health care professions and occupations and  
258 funding any other educational and research programs relating to  
259 health care.

260           (c) Unexpended amounts remaining in the special fund at  
261 the end of a fiscal year shall not lapse into the State General  
262 Fund, and any interest earned or investment earnings on amounts in  
263 the special fund shall be deposited to the credit of the special  
264 fund.





265 (6) This section shall stand repealed on July 1, 2011.

266 **SECTION 5.** This act shall take effect and be in force from  
267 and after July 1, 2003.

