

By: Senator(s) Dawkins

To: Finance

SENATE BILL NO. 2881

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,  
 2 TO INCREASE THE EXCISE TAX ON CIGARETTES; TO SPECIFY THE AMOUNT OF  
 3 THE DISCOUNT OR COMPENSATION ON THE ADDITIONAL FACE VALUE OF  
 4 STAMPS PURCHASED BY DEALERS TO COMPLY WITH THE TAX INCREASE  
 5 PROVIDED FOR BY THIS ACT; TO AMEND SECTION 27-69-75, MISSISSIPPI  
 6 CODE OF 1972, TO PROVIDE THAT A PORTION OF THE REVENUE DERIVED  
 7 FROM THE TAX INCREASE PROVIDED FOR BY THIS ACT SHALL BE DEPOSITED  
 8 INTO SPECIAL FUNDS IN THE STATE TREASURY TO THE CREDIT OF THE  
 9 UNIVERSITY OF MISSISSIPPI MEDICAL CENTER AND THE DIVISION OF  
 10 MEDICAID; TO PROVIDE THAT THE REVENUE DERIVED FROM THE TAX  
 11 INCREASE PROVIDED FOR IN THIS ACT THAT IS NOT DEPOSITED IN SUCH  
 12 SPECIAL FUNDS SHALL BE DEPOSITED INTO THE STATE GENERAL FUND; TO  
 13 CREATE EACH OF THOSE SPECIAL FUNDS IN THE STATE TREASURY FOR THOSE  
 14 ENTITIES AND TO SPECIFY THE PURPOSES FOR WHICH THE MONIES IN EACH  
 15 SPECIAL FUND MAY BE EXPENDED; TO AMEND SECTION 27-69-31,  
 16 MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING PROVISIONS;  
 17 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) of this subsection, there is levied an excise tax of  
39 Two and One-half Cents (2-1/2¢) on each cigarette sold with a  
40 maximum length of one hundred twenty (120) millimeters; any  
41 cigarette in excess of this length shall be taxed as if it were  
42 two (2) or more cigarettes.

43 (ii) On or before the fifteenth of August 2003,  
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 (2) No stamp evidencing the tax \* \* \* levied on cigarettes  
53 by this section shall be of a denomination of less than One Cent  
54 (1¢), and whenever the tax computed at the rates \* \* \* prescribed  
55 on cigarettes in this section is a specified amount, plus a  
56 fractional part of One Cent (1¢), the package shall be stamped for  
57 the next full cent. However, (a) the additional face value of  
58 stamps purchased to comply with taxes imposed by subsection (1)(a)  
59 of this section after June 1, 1985, shall be subject to a four  
60 percent (4%) discount or compensation to dealers for their  
61 services rather than the eight percent (8%) discount or  
62 compensation allowed by Section 27-69-31; and (b) the additional  
63 face value of stamps purchased to comply with taxes imposed by  
64 subsection (1)(b) of this section after July 1, 2003, shall be  
65 subject to a three percent (3%) discount or compensation to  
66 dealers for their services rather than the eight percent (8%)  
67 discount or compensation allowed by Section 27-69-31.



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

71       (4) The \* \* \* tax levied by this chapter is levied upon the  
72 sale, use, gift, possession or consumption of tobacco within the  
73 State of Mississippi, and the impact of the tax levied by this  
74 chapter is \* \* \* declared to be on the vendee, user, consumer or  
75 possessor of tobacco in this state. \* \* \* When the tax is paid by  
76 any other person, the payment shall be considered as an advance  
77 payment and shall thereafter be added to the price of the tobacco  
78 and recovered from the ultimate consumer or user.

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

81       27-69-75. (1) All taxes levied by this chapter shall be  
82 payable to the commissioner in cash, or by personal check,  
83 cashier's check, bank exchange, post office money order or express  
84 money order, and shall be deposited by the commissioner in the  
85 State Treasury on the same day collected. No remittance other  
86 than cash shall be a final discharge of liability for the  
87 tax \* \* \* assessed and levied under this chapter, unless and until  
88 it has been paid in cash to the commissioner.

89       (2) The revenue derived from the taxes levied in Section  
90 27-69-13(1)(b) shall be deposited into the State Treasury, as  
91 follows:

92       (a) Six and two-tenths percent (6.2%) of the revenue  
93 collected during any fiscal year shall be deposited in the special  
94 fund to the credit of the University of Mississippi Medical Center  
95 that is created by Section 4(1) of Senate Bill No. 2881, 2003  
96 Regular Session.

97       (b) Forty-seven percent (47%) of the revenue collected  
98 during any fiscal year shall be deposited in the special fund to  
99 the credit of the Division of Medicaid that is created by Section  
100 4(2) of Senate Bill No. 2881, 2003 Regular Session.



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

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

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

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

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

130           It is further provided that the commissioner may, in his  
131 discretion, either reduce the compensation allowed, or disallow  
132 any compensation for the affixing of stamps, for failure of the



133 dealer to comply with any provisions of the law or rules and  
134 regulations promulgated by the commissioner.

135 **SECTION 4.** (1) (a) There is created in the State Treasury  
136 a special fund to the credit of the University of Mississippi  
137 Medical Center, which shall be comprised of the monies required to  
138 be deposited into the fund under Section 27-69-75(2)(a), and any  
139 other funds that may be made available for the fund by the  
140 Legislature.

141 (b) Monies in the fund shall be expended by the  
142 University of Mississippi Medical Center, upon appropriation by  
143 the Legislature, to fund a statewide adult smoking cessation  
144 program.

145 (c) Unexpended amounts remaining in the special fund at  
146 the end of a fiscal year shall not lapse into the State General  
147 Fund, and any interest earned or investment earnings on amounts in  
148 the special fund shall be deposited to the credit of the special  
149 fund.

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

155 (b) Monies in the fund shall be expended by the  
156 Division of Medicaid, upon appropriation by the Legislature.

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

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

