

By: Representative Barnett

To: Ways and Means

HOUSE BILL NO. 398

1 AN ACT TO AMEND SECTION 27-69-13, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE EXCISE TAX ON CIGARETTES; TO AMEND SECTION
3 27-69-31, MISSISSIPPI CODE OF 1972, TO CLARIFY THE DISCOUNT OR
4 COMPENSATION ALLOWED ON THE FACE VALUE OF STAMPS PURCHASED BY
5 DEALERS; AND FOR RELATED PURPOSES.

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

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

9 27-69-13. There is * * * imposed, levied and assessed, to be
10 collected and paid as hereinafter provided in this chapter, an
11 excise tax on each person or dealer in cigarettes, cigars,
12 stogies, snuff, chewing tobacco, and smoking tobacco, or
13 substitutes therefor, upon the sale, use, consumption, handling or
14 distribution in the State of Mississippi, as follows:

15 (a) On cigarettes, the rate of tax shall be Two and
16 Five-tenths Cents (2-5/10¢) on each cigarette sold with a maximum
17 length of one hundred twenty (120) millimeters; any cigarette in
18 excess of this length shall be taxed as if it were two (2) or more
19 cigarettes. * * * However, if the federal tax rate on cigarettes
20 in effect on July 1, 1985, is reduced, then the rate as provided
21 in this paragraph (a) shall be increased by the amount of the
22 federal tax reduction. Such tax increase shall take effect on the
23 first day of the month following the effective date of the
24 reduction in the federal tax rate.

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

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

39 Every wholesaler shall purchase stamps as provided in this
40 chapter, and affix the same to all packages of cigarettes handled
41 by him as * * * provided in this section.

42 The * * * tax levied by this chapter is levied upon the sale,
43 use, gift, possession, or consumption of tobacco within the State
44 of Mississippi, and the impact of the tax levied by this chapter
45 is * * * declared to be on the vendee, user, consumer, or
46 possessor of tobacco in this state. When the tax is paid by any
47 other person, the payment shall be considered as an advance
48 payment and shall thereafter be added to the price of the tobacco
49 and recovered from the ultimate consumer or user.

50 **SECTION 2.** Section 27-69-31, Mississippi Code of 1972, is
51 amended as follows:

52 27-69-31. Dealers subject to the provisions of this chapter
53 shall be allowed, as compensation for their services in affixing
54 the stamps * * * required by this chapter, a sum equal to eight
55 percent (8%) of the face value of the stamps purchased by them,
56 except as otherwise provided in Section 27-69-13; however, the
57 commission shall allow no discount on the purchase of stamps by
58 wholesalers of an aggregate amount of less than One Hundred
59 Dollars (\$100.00), and by retailers of an aggregate amount of less
60 than Fifty Dollars (\$50.00) in any one (1) order.

61 It is further provided that the commissioner may, in his
62 discretion, either reduce the compensation allowed, or disallow
63 any compensation for the affixing of stamps, for failure of the
64 dealer to comply with any provisions of the law or rules and
65 regulations promulgated by the commissioner.

66 **SECTION 3.** This act shall take effect and be in force from
67 and after July 1, 2005.