

2015 Regular Session

HOUSE BILL NO. 119

BY REPRESENTATIVE RITCHIE

TAX/TOBACCO TAX: Levies an additional tax on cigarettes and dedicates the proceeds of the tax

1 AN ACT

2 To enact R.S. 47:841(B)(6) and 841.2, relative to the tobacco tax; to authorize an additional
3 tax to be levied on cigarettes; to establish the Tobacco Tax Medicaid Match Fund as
4 a special treasury fund; to provide for the deposit, use, and investment of the monies
5 in the fund; to provide with respect to the application of the tax on cigarettes in the
6 inventory of certain retail and wholesale dealers; to provide for an effective date; and
7 to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:841(B)(6) and 841.2 are hereby enacted to read as follows:

10 §841. Imposition of tax

11 There is hereby levied a tax upon the sale, use, consumption, handling, or
12 distribution of all cigars, cigarettes, and smoking and smokeless tobacco, as defined
13 herein, within the state of Louisiana, according to the classification and rates
14 hereinafter set forth:

15 * * *

16 B. Cigarettes.

17 * * *

18 (6) In addition to the tax levied in Paragraphs (1), (2), (4), and (5) of this
19 Subsection and in Paragraph (3) of this Subsection as continued in effect by Article
20 VII, Section 4.1 of the Constitution of Louisiana, there is hereby levied an additional
21 tax of one and twelve-twentieths of one cent per cigarette.

22 * * *

1 §841.2. Tobacco Tax Medicaid Match Fund

2 A. There is hereby created as a special fund within the state treasury the
3 "Tobacco Tax Medicaid Match Fund", hereinafter referred to as the "fund". After
4 satisfying the requirements of Article VII, Section 9(B) of the Constitution of
5 Louisiana relative to the Bond Security and Redemption Fund and after a sufficient
6 amount is allocated from that fund to pay all of the obligations secured by the full
7 faith and credit of the state which becomes due and payable within any fiscal year,
8 the state treasurer shall annually deposit into the fund an amount equal to the avails
9 of the tax imposed under the provisions of R.S. 47:841(B)(6).

10 B. All unexpended and unencumbered monies in the fund at the end of the
11 fiscal year shall remain in the fund. The monies in the fund shall be invested by the
12 state treasurer in the same manner as monies in the state general fund, and all
13 earnings on investment of the fund shall be deposited into the fund. Monies
14 appropriated from the fund shall be used solely as provided in Subsection C of this
15 Section.

16 C. Monies in the fund shall be appropriated to the Department of Health and
17 Hospitals for the medical assistance program administered by the state in accordance
18 with Title XIX of the Social Security Act, also known as Medicaid.

19 D. No amount appropriated as required in this Section shall displace, replace,
20 or supplant appropriations from the state general fund for the Department of Health
21 and Hospitals. This shall mean that no appropriation for any fiscal year from the
22 Tobacco Tax Medicaid Match Fund shall be made for any purpose for which a
23 general fund appropriation was made in the previous year unless the total
24 appropriations for the fiscal year from the state general fund for such purpose exceed
25 general fund appropriations for the previous year.

26 Section 2. The increase in the cigarette tax imposed by this Act shall apply to all
27 cigarette products purchased by retail dealers and wholesale dealers on and after July 1,
28 2015, and shall not apply to stamped products and unused tax stamps in the possession of
29 wholesale dealers prior to July 1, 2015. All wholesale and retail dealers shall file an

1 inventory with the secretary of the Department of Revenue of all cigarettes on hand prior to
2 July 1, 2015. The inventory shall be filed by August 1, 2015. The secretary shall have
3 authority to adopt rules and regulations as to the filing of the inventory report.

4 Section 3. The increase in the cigarette tax levied by the provisions of this Act shall
5 be effective for the period beginning on July 1, 2015.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 119 Engrossed

2015 Regular Session

Ritchie

Abstract: Levies an additional tax of 32¢ per pack of 20 cigarettes thereby increasing the total tax per pack of 20 cigarettes from 36¢ to 68¢ per pack and dedicates the proceeds of the tax to fund Medicaid.

Present law provides for the levy of a tax upon the sale, use, consumption, handling, or distribution of all cigarettes. The amount of the tax per pack of 20 cigarettes is 36¢.

Proposed law retains present law but levies an additional tax upon cigarettes equal to one and twelve-twentieths of 1¢ per cigarette thereby increasing the total tax per pack of 20 cigarettes from 36¢ per pack to 68¢ per pack of 20 cigarettes.

Proposed law establishes the Tobacco Tax Medicaid Match Fund as a special fund in the state treasury, hereinafter referred to as the "fund". After satisfying the requirements of the Bond Security and Redemption Fund, the state treasurer shall annually deposit into the fund an amount equal to the avails of the tax imposed under proposed law. Further requires the monies in the fund to be appropriated to DHH for the medical assistance program administered by the state, also known as Medicaid.

Proposed law prohibits monies deposited into the fund from displacing or supplanting appropriations from the state general fund for the DHH unless the total appropriations for the fiscal year from the state general fund for such purpose exceed general fund appropriations for the previous year.

Proposed law provides that the additional tax shall apply to all cigarette products purchased by retail dealers and wholesale dealers on and after July 1, 2015, but shall not apply to stamped products and unused tax stamps in the possession of wholesale dealers prior to July 1, 2015. Requires all wholesale and retail dealers to file an inventory with the Dept. of Revenue by Aug. 1, 2015, of all cigarettes on hand prior to July 1, 2015.

Proposed law authorizes the Dept. of Revenue to adopt rules and regulations as to the filing of the inventory report.

Effective July 1, 2015.

(Adds R.S. 47:841(B)(6) and 841.2)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Reduce the amount of the additional tax on cigarettes from \$1.18 per pack to 32¢ per pack bringing the total tax per pack to 68¢.
2. Establish the Tobacco Tax Medicaid Match Fund as a special treasury fund and dedicates the avails of the additional tax into the fund to be used by DHH for the medical assistance program also known as Medicaid.