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H. B. 2973

(By Delegates Perdue, Marshall, Hatfield
and Guthrie)

[Introduced February 1, 2011; referred to the
Committee on Health and Human Resources then Finance.]

**FISCAL
NOTE**

A BILL to amend and reenact §11-17-3 of the Code of West Virginia,
1931, as amended, relating to increasing the excise tax on
cigarettes and all other tobacco products; establishing a
special revenue account; and designating where the additional
revenues are to be transferred.

Be it enacted by the Legislature of West Virginia:

That §11-17-3 of the Code of West Virginia, 1931, as amended,
be amended and reenacted to read as follows:

ARTICLE 17. CIGARETTE TAX ACT.

§11-17-3. Levy of tax; ratio; dedication of proceeds; funds.

(a) *Tax on cigarettes.* -- ~~For the purpose of providing revenue
for the General Revenue Fund of the state,~~ An excise tax is hereby
levied and imposed on sales of cigarettes at the rate of ~~fifty-five~~
~~cents~~ \$1.55 on each twenty cigarettes or in like ratio on any part
thereof. Only one sale of the same article shall be used in
computing the amount of tax due under this subsection.

1 (b) *Tax on tobacco products other than cigarettes.* --
2 ~~Effective the first day of January, two thousand two,~~ An excise tax
3 is hereby levied and imposed on the sale or use of, other than
4 cigarettes, tobacco products at a rate equal to ~~seven~~ fifty percent
5 of the wholesale price of each article or item of tobacco product
6 other than cigarettes sold by the wholesaler or subjobber dealer,
7 whether or not sold at wholesale, or if not sold, then at the same
8 rate upon the use by the wholesaler or dealer. Only one sale of the
9 same article shall be used in computing the amount of tax due under
10 this subsection. ~~Revenues received from this tax shall be deposited~~
11 ~~into the General Revenue Fund.~~

12 (c) Effective date. -- The changes set forth herein to this
13 section and section four of this article shall become effective ~~the~~
14 ~~first day of May two thousand three~~ July 1, 2011.

15 (d) One half of all moneys collected pursuant to this section,
16 up to an annual amount of \$60 million, shall be deposited in a
17 special account in the State Treasury to be known as the "West
18 Virginia Healthy Future Fund". Expenditures from the fund shall be
19 made annually to the Department of Health and Human Resources in
20 the amount of \$27 million for implementation of comprehensive
21 tobacco prevention and cessation programming in compliance with the
22 Centers for Disease Control and Prevention's Best Practices for
23 Tobacco Control and Prevention. Any additional moneys in the fund
24 are to be expended by annual appropriation by the Legislature:
25 Provided, That these funds are to be solely used for public health,

1 substance abuse programs or healthcare. The remaining one half of
2 the collections not transferred into this special account shall be
3 deposited in the General Revenue Fund.

NOTE: The purpose of the bill is to increase the excise tax on cigarettes by \$1.00 per pack; The bill increases the excise tax on all other tobacco products from seven percent of their wholesale prices to fifty percent. The bill also establishes a special revenue account and designates where the additional revenues are to be transferred, with half the proceeds to certain health related issues and the other half to the General Revenue Fund.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.