

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Introduced

Senate Bill 125

**FISCAL
NOTE**

BY SENATORS KESSLER AND STOLLINGS

[Introduced January 13, 2016;

Referred to the Committee on Health and Human

Resources; and then to the Committee on Finance.]

1 A BILL to amend and reenact §11-17-3 of the Code of West Virginia, 1931, as amended, relating
 2 to incrementally increasing cigarette tax by a total of \$1 per pack in order to fund substance
 3 abuse and workforce development initiatives; setting forth timing of increases; and
 4 detailing how newly generated funds are to be distributed.

Be it enacted by the Legislature of West Virginia:

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

ARTICLE 17. TOBACCO PRODUCTS EXCISE TAX ACT.

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

1 (a) *Tax on cigarettes.* -- For the purpose of providing revenue for the General Revenue
 2 Fund of the state, an excise tax is hereby levied and imposed on sales of cigarettes at the rate of
 3 55¢ on each twenty cigarettes or in like ratio on any part thereof. However, on July 1, 2016, the
 4 tax increases to \$1.05, on July 1, 2017, it shall increase to \$1.30 and on July 1, 2018, it shall be
 5 increased to \$1.55. Beginning July 1, 2016, the new revenue generated by these increases shall
 6 be distributed pursuant to subsection (c) of this section. Only one sale of the same article shall
 7 be used in computing the amount of tax due under this subsection.

8 (b) *Tax on tobacco products other than cigarettes.* -- Effective January 1, 2002, an excise
 9 tax is hereby levied and imposed on the sale or use of, other than cigarettes, tobacco products at
 10 a rate equal to seven percent of the wholesale price of each article or item of tobacco product
 11 other than cigarettes sold by the wholesaler or subjobber dealer, whether or not sold at wholesale,
 12 or if not sold, then at the same rate upon the use by the wholesaler or dealer. Only one sale of
 13 the same article shall be used in computing the amount of tax due under this subsection.
 14 Revenues received from this tax shall be deposited into the General Revenue Fund.

15 ~~(c) *Effective date.* -- The changes set forth herein to this section and section four of this~~
 16 ~~article shall become effective May 1, 2003.~~

17 (c) Revenues generated by the increases in the cigarette tax contained in subsection (a)

18 of this section and made during the 2016 Legislative Session shall be distributed as follows:

19 (1) Between July 1, 2016, and June 30, 2017, the first \$10 million generated shall be
20 devoted to substance abuse treatment programs in the state, the second \$10 million generated
21 shall be devoted to workforce development initiatives, including post-high school training and
22 certification and free community college assistance programs, and any additional funds generated
23 shall be deposited into the General Revenue Fund.

24 (2) Between July 1, 2017, and June 30, 2018, the first \$15 million generated shall be
25 devoted to substance abuse treatment programs in the state, the second \$15 million generated
26 shall be devoted to workforce development initiatives, including post-high school training and
27 certification and free community college assistance programs, and any additional funds generated
28 shall be deposited into the General Revenue Fund.

29 (3) Each fiscal year starting on and after July 1, 2018, the first \$20 million generated shall
30 be devoted to substance abuse treatment programs in the state, the second \$20 million generated
31 shall be devoted to workforce development initiatives, including post-high school training and
32 certification and free community college assistance programs, and any additional funds generated
33 shall be deposited into the General Revenue Fund.

NOTE: The purpose of this bill is to increase the cigarette tax incrementally by a total of \$1 per pack in order to fund substance abuse and workforce development initiatives. The bill sets forth timing of increases. The bill details how the newly generated funds are to be distributed.

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