

# WEST VIRGINIA LEGISLATURE

## 2016 REGULAR SESSION

**Introduced**

### **House Bill 4023**

**FISCAL  
NOTE**

BY DELEGATE ROWE

[Introduced January 14, 2016; Referred to the  
Committee on Health and Human Resources then  
Finance.]

1 A BILL to amend and reenact §11-17-3 of the Code of West Virginia, 1931, as amended; and to  
 2 amend said code by adding thereto a new section designated §60-2-11a, all relating to  
 3 raising an additional \$120 million in revenue; increasing the excise tax on cigarettes and  
 4 other tobacco products; increasing the tax on intoxicating liquors; requiring that the \$120  
 5 million be used solely to reduce public employee and retiree health insurance premiums;  
 6 and creating a new fund.

*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 that  
 2 said code be amended by adding thereto a new section, designated §60-2-11a, all to read as  
 3 follows:

## **CHAPTER 11. TAXATION.**

### **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¢~~ \$1.55 on each twenty cigarettes or in like ratio on any part thereof. Only one sale of the same  
 4 article shall be used in computing the amount of tax due under this subsection. All revenue  
 5 collected in excess of 55¢-on each twenty cigarettes or in like ratio on any part thereof shall be  
 6 deposited in the Public Employees Insurance Agency Special Fund created by section eleven-a,  
 7 article two, chapter sixty of this code to be used solely to reduce employee and retiree health  
 8 insurance premiums.

9 (b) *Tax on tobacco products other than cigarettes.* -- Effective January 1, ~~2002,~~ 2017, an  
 10 excise tax is hereby levied and imposed on the sale or use of, other than cigarettes, tobacco  
 11 products at a rate equal to ~~seven~~ thirty-nine percent of the wholesale price of each article or item  
 12 of tobacco product other than cigarettes sold by the wholesaler or subjobber dealer, whether or

13 not sold at wholesale, or if not sold, then at the same rate upon the use by the wholesaler or  
14 dealer. Only one sale of the same article shall be used in computing the amount of tax due under  
15 this subsection. Revenues received from the first seven percent of this tax shall be deposited into  
16 the General Revenue Fund. All revenue collected in excess of seven percent of this tax shall be  
17 deposited in the Public Employees Insurance Agency Special Fund created by section eleven-a,  
18 article two, chapter sixty of this code to be used solely to reduce employee and retiree health  
19 insurance premiums.

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

## CHAPTER 60. STATE CONTROL OF ALCOHOLIC LIQUORS.

### ARTICLE 2. ALCOHOL BEVERAGE CONTROL COMMISSIONER.

#### **§60-2-11a. Additional powers and duties; special fund.**

1 (a) The Alcohol Beverage Control Commissioner shall work with the Tax Commissioner  
2 of the State of West Virginia to raise an additional \$120 million from the sales of alcohol beverages  
3 subject to the provisions of this chapter and tobacco products. This additional revenue shall be  
4 deposited in the Public Employees Insurance Agency Special Fund created by this subsection.  
5 This fund shall be used for the sole purpose to reduce the insurance premiums of public  
6 employees and retirees.

7 (b) The Alcohol Beverage Control Commissioner has the power to increase the existing  
8 taxes permitted by articles three, three-a and eight of this chapter in amounts necessary, in  
9 conjunction with the additional revenues on tobacco products generated by section three, article  
10 seventeen, chapter eleven of this code, to raise the additional \$120 million to be deposited in the  
11 Public Employees Insurance Agency Special Fund.

NOTE: The purpose of this bill is to raise an additional \$120 million in revenue. The bill increases the excise tax on cigarettes and other tobacco products. The bill increases the tax on intoxicating liquors. The bill requires that the \$120 million be used solely to reduce public employee and retiree health insurance premiums. The bill creates a new fund.

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