

Regular Session, 2013

HOUSE BILL NO. 417

BY REPRESENTATIVE RITCHIE

TAX/TOBACCO TAX: Increases the state tax on certain tobacco products and dedicates the monies

1 AN ACT

2 To amend and reenact R.S. 47:841(A), (C), and (E) and to enact R.S. 47:841(B)(6) and  
3 841.2, relative to the tobacco tax; to increase the tax on cigars, cigarettes, smoking  
4 tobacco, and smokeless tobacco; to establish the Louisiana Healthier Families Fund  
5 as a special treasury fund; to provide for the deposit, use, and investment of the  
6 monies in the fund; to require certain entities and agencies to submit reports to the  
7 legislature; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:841(A), (C), and (E) are hereby amended and reenacted and R.S.  
10 47:841(B)(6) and 841.2 are hereby enacted to read as follows:

11 §841. Imposition of tax

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

16 A. Cigars.

17 (1) Upon cigars invoiced by the manufacturer at one hundred twenty dollars  
18 per thousand or less a tax of ~~eight~~ sixty-eight percent of the invoice price as defined  
19 in this Chapter.

1           (2) Upon cigars invoiced by the manufacturer at more than one hundred  
2           twenty dollars per thousand a tax of ~~twenty~~ sixty-eight percent of the invoice price  
3           as defined in this Chapter.

4           B. Cigarettes.

5   \*       \*       \*

6           (6) In addition to the taxes levied in Paragraphs (1), (2), (4), and (5) of this  
7           Subsection and in Paragraph (3) of this Subsection as continued in effect by Article  
8           7, Section 4.1 of the Constitution of Louisiana, there is hereby levied an additional  
9           tax of five and five-twentieths of one cent per cigarette.

10          C. Smoking Tobacco. Upon smoking tobacco, a tax of ~~thirty-three~~ sixty-  
11          eight percent of the invoice price as defined in this Chapter.

12   \*       \*       \*

13          E. Smokeless tobacco. Upon smokeless tobacco, a tax of ~~twenty~~ sixty-eight  
14          percent of the invoice price as defined in this Chapter.

15   \*       \*       \*

16          §841.2. Louisiana Healthier Families Fund

17           A. There is hereby created as a special fund within the state treasury the  
18           "Louisiana Healthier Families Fund", hereinafter referred to as the "fund". After  
19           satisfying the requirements of Article VII, Section 9(B) of the Constitution of  
20           Louisiana relative to the Bond Security and Redemption Fund and after a sufficient  
21           amount is allocated from that fund to pay all of the obligations secured by the full  
22           faith and credit of the state which becomes due and payable within any fiscal year,  
23           the state treasurer shall annually deposit into the fund an amount equal to the avails  
24           of the tax imposed under the provisions of R.S. 47:841(B)(6), an amount equal to  
25           sixty percent of the tax imposed under the provisions of R.S. 47:841(A)(1), an  
26           amount equal to forty-eight percent of the tax imposed under the provisions of R.S.  
27           47:841(A)(2) and (E), and an amount equal to thirty-five percent of the tax imposed  
28           under the provisions of R.S. 47:841(C).

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1           B. All unexpended and unencumbered monies in the fund at the end of the  
2           fiscal year shall remain in the fund. The monies in the fund shall be invested by the  
3           state treasurer in the same manner as monies in the state general fund, and all  
4           earnings on investment of the fund shall be deposited into the fund.

5           C. Monies appropriated from the fund shall be used solely as provided in this  
6           Subsection. Monies in the fund shall be subject to appropriation for the following  
7           purposes and in the following amounts:

8                   (1) Fifty-two percent of the monies in the fund shall be deposited into the  
9                   Louisiana Medical Assistance Trust Fund to be used solely for the Louisiana  
10                  Medicaid Program.

11                   (2) Ten percent of the monies in the fund shall be used solely to provide  
12                  payments against the unfunded accrued liability of the Louisiana State Employees'  
13                  Retirement System and the Teachers' Retirement System of Louisiana in proportion  
14                  to the balance of such unfunded accrued liability of each such system, these funds  
15                  shall be in addition to any payments required for the annual amortization of the  
16                  unfunded accrued liability of the public retirement systems.

17                   (3) Five percent of the monies in the fund shall be used solely to provide  
18                  funding for the office of state police, Department of Public Safety and Corrections.

19                   (4) Five percent of the monies in the fund shall be used solely to provide  
20                  funding for the office of addictive disorders, Department of Health and Hospitals, for  
21                  expenditure only on activities related to smoking cessation and prevention.

22                   (5) Five percent of the monies in the fund shall be used solely to provide  
23                  funding for the office of mental health, Department of Health and Hospitals, for  
24                  expenditure only on activities related to smoking cessation and prevention.

25                   (6) Five percent of the monies in the fund shall be used solely by the  
26                  Louisiana State University Board of Supervisors to provide funding for the Louisiana  
27                  State University Health Sciences Center in Shreveport, for expenditure only on  
28                  activities related to cancer research or smoking cessation and prevention.

1           (7) Five percent of the monies in the fund shall be used solely by the  
2           Louisiana State University Board of Supervisors to provide funding for the  
3           Pennington Biomedical Research Center, for expenditure only on cancer research  
4           activities.

5           (8) Three percent of the monies in the fund shall be used solely by the  
6           Louisiana State University Board of Supervisors to provide funding for the Greater  
7           New Orleans Biosciences Economic Development District, for expenditure only on  
8           activities related to cancer research or smoking cessation and prevention.

9           (9) Three percent of the monies in the fund shall be used solely by the  
10          Louisiana State University Board of Supervisors to provide funding for the Louisiana  
11          Cancer Research Consortium.

12          (10) Three percent of the monies in the fund shall be used solely by the  
13          Louisiana State University Board of Supervisors to provide funding for the Louisiana  
14          State University Health Sciences Center in New Orleans, for expenditure only on  
15          activities related to cancer research or smoking cessation and prevention.

16          (11) Two percent of the monies in the fund shall be used solely to provide  
17          funding for the office of public health, Department of Health and Hospitals, for  
18          school-based health centers, for expenditure only on activities related to smoking  
19          cessation and prevention.

20          (12) Two percent of the monies in the fund shall be used solely by the  
21          Southern University Board of Supervisors to provide funding to Southern University  
22          for smoking cessation and tobacco prevention programs.

23          D. All entities or agencies receiving appropriations from the fund as  
24          provided for in this Section shall report to the legislature, no less than thirty days  
25          prior to the commencement of each regular session, describing the expenditure of  
26          such monies.

27          E. No amount appropriated as required in this Section shall displace, replace,  
28          or supplant appropriations from the state general fund for the Department of Health  
29          and Hospitals, the Louisiana State University Board of Supervisors, or the Southern

1            University Board of Supervisors. This shall mean that no appropriation for any fiscal  
 2            year from the Louisiana Healthier Families Fund shall be made for any purpose for  
 3            which a general fund appropriation was made in the previous year unless the total  
 4            appropriations for the fiscal year from the state general fund for such purpose exceed  
 5            general fund appropriations for the previous year.

6            Section 2. The increase in the cigarette and tobacco taxes levied by the provisions  
 7 of this Act shall be effective for the period beginning on January 1, 2014.

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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)]

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Ritchie

HB No. 417

**Abstract:** Increases the tax on cigars, cigarettes, smoking tobacco, and smokeless tobacco and dedicates the revenue from the tax increase.

Present law provides for the levy of a tax upon the sale, use, consumption, handling, or distribution of all cigars, cigarettes, and smoking and smokeless tobacco in La.

Present law provides that the rate of the tax for cigars invoiced by the manufacturer at \$120 per thousand or less shall be 8% of the invoice price and the rate of the tax for cigars invoiced by the manufacturer at more than \$120 per 1,000 shall be 20% of the invoice price.

Proposed law increases the tax on cigars invoiced by the manufacturer at \$120 per 1,000 or less from 8% of the invoice price to 68% of the invoice price and increases the tax for cigars invoiced by the manufacturer at more than \$120 per 1,000 from 20% of the invoice price to 68% of the invoice price.

Present law levies a tax on cigarettes at the rate of 36¢ per pack.

Proposed law increases the tax on cigarettes from 36¢ per pack to \$1.41 per pack.

Present law provides that the rate of the tax for smoking tobacco shall be 33% of the invoice price.

Proposed law increases the tax on smoking tobacco from 33% of the invoice price to 68% of the invoice price.

Present law provides that the rate of the tax on smokeless tobacco shall be 20% of the invoice price.

Proposed law increases the tax on smokeless tobacco from 20% of the invoice price to 68% of the invoice price.

Present law provides for the establishment of the Tobacco Regulation Enforcement Fund to support enforcement activities of the office of alcohol and tobacco control. Requires the state treasurer to annually deposit an amount equal to the avails of one-quarter of one-

twentieth of one cent per cigarette from the tax on cigarettes into the fund for purposes of tobacco regulation enforcement.

Proposed law retains present law.

Proposed law creates a special fund within the state treasury to be called the "Louisiana Healthier Families Fund" in which the state treasurer shall annually deposit an amount equal to the avails of the additional tax on cigarettes, an amount equal to 60% of the tax imposed on cigars invoiced by the manufacturer at \$120 per 1,000 or less, an amount equal to 48% of the tax imposed on cigars invoiced by the manufacturer at more than \$120 per 1,000 and smokeless tobacco, and an amount equal to 35% of the tax imposed on smoking tobacco.

Proposed law requires the monies appropriated from the fund to be used solely for the following purposes in the following amounts:

- (1) 52% to be deposited into the La. Medical Assistance Trust Fund to provide funding for the La. Medicaid Program.
- (2) 10% to provide payments against the unfunded accrued liability of the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana, which shall be in addition to any payments required for the annual amortization of the unfunded accrued liability of the public retirement systems.
- (3) 5% to provide funding for the office of state police, Department of Public Safety and Corrections.
- (4) 5% to provide funding for the office of addictive disorders within DHH for expenditure on activities related to smoking cessation and prevention.
- (5) 5% to provide funding for the office of mental health within DHH for expenditure on activities related to smoking cessation and prevention.
- (6) 5% to provide funding to the LSU Board of Supervisors for the LSU Health Sciences Center in Shreveport, for expenditure on activities related to cancer research or smoking cessation and prevention.
- (7) 5% to provide funding to the LSU Board of Supervisors for the Pennington Biomedical Research Center, for expenditure on cancer research activities.
- (8) 3% to provide funding to the LSU Board of Supervisors for the Greater New Orleans Biosciences Economic Development District, for expenditure on activities related to cancer research or smoking cessation and prevention.
- (9) 3% to provide funding to the LSU Board of Supervisors for the Louisiana Cancer Research Consortium.
- (10) 3% to provide funding to the LSU Board of Supervisors for the University Health Sciences Center in New Orleans, for expenditure only on activities related to cancer research or smoking cessation and prevention.
- (11) 2% to provide funding for the office of public health within DHH for school-based health centers, for expenditure on activities related to smoking cessation and prevention.
- (12) 2% to provide funding to the Southern University Board of Supervisors for Southern University for smoking cessation and tobacco prevention programs.

Proposed law prohibits any amounts appropriated as required by proposed law from displacing, replacing, or supplanting appropriations from the state general fund for DHH, the LSU Board of Supervisors, or the Southern University Board of Supervisors. Further provides that no appropriation for any fiscal year from the La. Healthier Families Fund shall be made for any purpose for which a general fund appropriation was made in the previous year 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 requires all entities or agencies receiving appropriations from the fund to report to the legislature, no less than 30 days prior to the commencement of each regular session, describing the expenditure of such monies.

Effective Jan. 1, 2014.

(Amends R.S. 47:841(A), (C), and (E); Adds R.S. 47:841(B)(6) and 841.2)