

2015 Regular Session

HOUSE BILL NO. 148

BY REPRESENTATIVE BADON

TAX/TOBACCO TAX: Levies an additional tax on cigarettes and tobacco products and dedicates the monies

1 AN ACT

2 To amend and reenact R.S. 47:841(A)(1), (C), and (E) and to enact R.S. 47:841(B)(6) and  
3 841.2, relative to tobacco taxes; to levy an additional tax on cigarettes and certain  
4 tobacco products; to establish the Louisiana Healthy Living Fund as a special  
5 treasury fund; to provide for the deposit, use, and investment of the monies in the  
6 fund; to provide with respect to the application of the tax on certain tobacco products  
7 in the inventory of certain retail and wholesale dealers; to provide for an effective  
8 date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

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

12 §841. Imposition of tax

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

17 A. Cigars.

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

1                   (b) In addition to the tax levied in Subparagraph (a) of this Paragraph, there  
 2                   is hereby levied an additional tax of eight percent of the invoice price.

3   \*           \*           \*

4                   B. Cigarettes.

5   \*           \*           \*

6                   (6) In addition to the tax 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.

11                  (1) Upon smoking tobacco, a tax of thirty-three percent of the invoice price  
 12                  as defined in this Chapter.

13                  (2) In addition to the tax levied in Paragraph (1) of this Subsection, there is  
 14                  hereby levied an additional tax of thirty-three percent of the invoice price.

15   \*           \*           \*

16                  E. Smokeless tobacco.

17                  (1) Upon smokeless tobacco, a tax of twenty percent of the invoice price as  
 18                  defined in this Chapter.

19                  (2) In addition to the tax levied in Paragraph (1) of this Subsection, there is  
 20                  hereby levied an additional tax of twenty percent of the invoice price.

21   \*           \*           \*

22                  §841.2. Louisiana Healthy Living Fund

23                  A. There is hereby created as a special fund within the state treasury the  
 24                  "Louisiana Healthy Living Fund", hereinafter referred to as the "fund". After  
 25                  satisfying the requirements of Article VII, Section 9(B) of the Constitution of  
 26                  Louisiana relative to the Bond Security and Redemption Fund and after a sufficient  
 27                  amount is allocated from that fund to pay all of the obligations secured by the full  
 28                  faith and credit of the state which becomes due and payable within any fiscal year,  
 29                  the state treasurer shall annually deposit into the fund an amount equal to the avails

1 of the tax imposed under the provisions of R.S. 47:841(A)(1)(b), (B)(6), (C)(2), and  
2 (E)(2).

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

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

10 (1) Seventy percent of the monies in the fund shall be used solely by the  
11 Board of Regents for distribution to the Board of Supervisors of the University of  
12 Louisiana System, the Louisiana State University System, the Southern University  
13 System, and the Louisiana Community and Technical College System. The Board  
14 of Regents shall develop a formula for distribution of the monies to each of these  
15 systems.

16 (2) Thirty percent of the monies in the fund shall be used solely to provide  
17 funding to the Department of Health and Hospitals, for expenditure only on activities  
18 related to smoking cessation.

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, the Louisiana State University Board of Supervisors, the Louisiana  
22 State System Board of Supervisors, the Southern University Board of Supervisors,  
23 or the Board of Supervisors for the Louisiana Community and Technical College  
24 System. This shall mean that no appropriation for any fiscal year from the Louisiana  
25 Healthy Living Fund shall be made for any purpose for which a general fund  
26 appropriation was made in the previous year unless the total appropriations for the  
27 fiscal year from the state general fund for such purpose exceed general fund  
28 appropriations for the previous year.

1 Section 2. The increase in the tobacco products tax imposed by this Act shall apply  
2 to all tobacco products purchased by retail dealers and wholesale dealers on and after July  
3 1, 2015, and shall not apply to stamped products and unused tax stamps in the possession of  
4 wholesale dealers prior to July 1, 2015. All wholesale and retail dealers shall file an  
5 inventory with the secretary of the Department of Revenue of all tobacco products on hand  
6 prior to July 1, 2015. The inventory shall be filed by August 1, 2015. The secretary shall  
7 have authority to adopt rules and regulations as to the filing of the inventory report.

8 Section 3. The increase in cigarette and tobacco taxes levied by the provisions of this  
9 Act shall be effective for the period beginning on July 1, 2015.

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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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HB 148 Original

2015 Regular Session

Badon

**Abstract:** Levies an additional 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 1,000 or less shall be 8% 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 16% 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 66% 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 40% of the invoice price.

Proposed law creates a special fund within the state treasury to be called the "Louisiana Healthy Living 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 8% of the tax imposed on

cigars invoiced by the manufacturer at \$120 per 1,000 or less, an amount equal to 20% of the tax imposed on smokeless tobacco, and an amount equal to 33% of the tax imposed on smoking tobacco.

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

- (1) 70% to provide funding to the Board of Regents (BOR) for distribution to the Board of Supervisors of the University of La. System, the La. State University System, the Southern University System, and the La. Community and Technical College System. Proposed law requires the BOR to develop a formula for distribution of the monies to each of these systems.
- (2) 30% to provide funding for the Dept. of Health and Hospitals for expenditure only on activities related to smoking cessation.

Proposed law prohibits any amounts appropriated from the fund from replacing or supplanting appropriations from the state general fund for DHH or the Board of Supervisors for each system. Further prohibits an appropriation from the fund for any fiscal year to be made for any purpose for which a state general fund (SGF) appropriation was made in the previous year unless the total appropriations for the fiscal year from the SGF for such purpose exceed general fund appropriations for the previous year.

Proposed law provides that the additional tax shall apply to all tobacco 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 tobacco products 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.

(Amends R.S. 47:841(A)(1), (C), and (E); Adds R.S. 47:841(B)(6) and 841.2)