

HOUSE BILL NO. 635

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE OFFICE OF THE GOVERNOR

IN THE HOUSE

February 4, 1981	Introduced and referred to Committee on Taxation.
February 5, 1981	Fiscal note requested.
February 9, 1981	Fiscal note returned.
February 20, 1981	Committee recommend bill do pass as amended. Report adopted.
February 21, 1981	Bill printed and placed on members' desks.
February 23, 1981	Second reading, do pass.
February 24, 1981	Correctly engrossed.
February 25, 1981	Third reading, passed. Ayes, 97; Noes, 0. Transmitted to Senate.

IN THE SENATE

March 3, 1981	Introduced and referred to Committee on Taxation.
March 17, 1981	Committee recommend bill be concurred in. Report adopted.
March 23, 1981	Motion pass consideration.
March 24, 1981	Second reading, concurred in.
March 26, 1981	Third reading, concurred in. Ayes, 46; Noes, 1.

IN THE HOUSE

March 27, 1981

Returned from Senate. Con-
curred in. Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 635

INTRODUCED BY

Bardan

BY REQUEST OF THE OFFICE OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO REALLOCATE THE CIGARETTE TAX AND TO DELETE REFERENCES IN THE CIGARETTE TAX LAW TO BONDS THAT HAVE BEEN RETIRED; AMENDING SECTIONS 16-11-111, 16-11-114, 16-11-119, AND 17-5-408, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-11-111, MCA, is amended to read:

"16-11-111. Cigarette sales tax. ~~(1)~~ From and after March 5, 1971 July 1, 1981, there is hereby levied, imposed, and assessed and there shall be collected and paid to the state of Montana upon cigarettes sold or possessed in this state the following excise tax which shall be paid prior to the time of sale and delivery thereof: 9 12 cents on each package containing not more than 20 cigarettes and, when packages contain more than 20 cigarettes, then 9 12 cents on each 20 or fraction of 20 cigarettes contained in such package.

~~(2) From and after December 6, 1958, there is hereby levied, imposed, and assessed and there shall be collected and paid to the state of Montana upon cigarettes sold or~~

~~possessed in this state the following excise tax in addition to the excise tax on cigarettes levied, imposed, and assessed by subsection (1) of this section, an additional tax which shall be paid prior to the time of sale and delivery of such cigarettes 2 cents on each package containing not more than 20 cigarettes and when packages contain more than 20 cigarettes, then 2 cents on each 20 or fraction of 20 cigarettes contained in such package which additional tax shall continue in force until the payment and retirement of all bonds of the state of Montana and the payment of interest thereon issued under the authority of Initiative No. 54 as amended for the purpose of paying an honorarium to the residents of Montana who were in military service in the military forces of the United States in World War II, the Korean conflict, or World War I and until the payment and retirement of all long-range building program bonds issued under the provisions of Title 17, Chapter 5.~~

~~(3) From and after July 1, 1963, there is hereby levied, imposed, and assessed and there shall be collected and paid to the state of Montana upon cigarettes sold or possessed in this state the following excise tax in addition to the excise tax on cigarettes levied, imposed, and assessed by subsections (1) and (2) of this section, an additional tax which shall be paid prior to the time of sale and delivery of such cigarettes 1 cent on each package~~

1 containing not more than 20 cigarettes and when packages
 2 contain more than 20 cigarettes then 1 cent on each 20 or
 3 fraction of 20 cigarettes contained in such package which
 4 additional tax shall continue in force until the payment and
 5 retirement of the additional bonds of the state of Montana
 6 authorized by amendatory acts of the 35th and 38th
 7 legislative assemblies and the payment of the interest
 8 thereon and until the payment and retirement of all
 9 long-range building program bonds issued under the
 10 provisions of Title 17, Chapter 5."

11 Section 2. Section 16-11-114, MCA, is amended to read:

12 "16-11-114. Insignia discount. Every licensed
 13 wholesaler and licensed retailer shall be entitled to
 14 purchase said insignia at full face value less 6% 3% of the
 15 face value upon payment therefor as defrayment of the costs
 16 of affixing insignia and precollecting such tax on behalf of
 17 the state of Montana. This defrayment is not applicable to
 18 that portion of the tax collected for any veterans'
 19 honorarium or long-range building programs."

20 Section 3. Section 16-11-119, MCA, is amended to read:

21 "16-11-119. Disposition of taxes -- war veterans'
 22 compensation fund abolished -- retirement of bonds. (1) All
 23 moneys collected under the provisions of 16-11-111(1), less
 24 the expense of collecting all the taxes levied, imposed, and
 25 assessed by said section, shall be paid to the state

1 treasurer and deposited as follows: 50% in the general fund
 2 15% 11% in the long-range building program account in the
 3 sinking fund, and 35% 23% in the long-range building program
 4 account in the bond proceeds and insurance clearance fund.

5 (2) All taxes levied, imposed, and assessed under the
 6 provisions of 16-11-111(2) shall, when collected, be paid to
 7 the state treasurer and credited to a subfund in the sinking
 8 fund and shall, while any of the bonds issued and sold for
 9 the purpose of paying an honorarium or adjusted compensation
 10 to the residents of Montana who were in military service in
 11 the military forces of the United States in World War I or
 12 World War II or any of the interest thereon remain unpaid,
 13 be available for the payment thereof.

14 (3) All taxes levied, imposed, and assessed under the
 15 provisions of 16-11-111(3) shall, when collected, be paid to
 16 the state treasurer and credited to a subfund in the sinking
 17 fund which shall, while any of the bonds hereafter issued
 18 and sold in addition to the bonds authorized by Initiative
 19 Measure No. 54 as originally enacted or any of the interest
 20 upon such additional bonds remain unpaid, be used only for
 21 the payment thereof and of the expenses of administration of
 22 this part.

23 (4) The war veterans' compensation fund established by
 24 Initiative No. 54, as amended by Chapter 44, Laws of 1957,
 25 is abolished and all moneys in the fund are transferred to

1 ~~a subfund in the bond proceeds and insurance clearance fund~~
 2 ~~When all veterans' honoraria authorized by law have been~~
 3 ~~paid, such moneys shall be transferred to the two accounts~~
 4 ~~in the sinking fund established by this section.~~

5 ~~(5) After all of the outstanding war veterans'~~
 6 ~~compensation bonds and World War I compensation bonds have~~
 7 ~~been paid or redeemed or after the necessary funds have been~~
 8 ~~set aside for their payment or redemption, the balance of~~
 9 ~~the proceeds theretofore collected under the provisions of~~
 10 ~~subsections (2) and (3) of 16-11-111 shall be transferred to~~
 11 ~~the sinking fund account provided for in 17-5-405.~~"

12 Section 4. Section 17-5-408, MCA, is amended to read:
 13 "17-5-408. Percentage of income, corporation license,
 14 and cigarette tax pledged. (1) The state pledges and
 15 appropriates and directs to be credited as received to the
 16 sinking fund account 11% of all money, except as provided in
 17 15-31-702, received from the collection of the income tax
 18 and the corporation license tax referred to in 15-1-501 and
 19 such additional amount of said taxes, if any, as may at any
 20 time be needed to comply with the principal and interest and
 21 reserve requirements stated in 17-5-405(4), provided that no
 22 more than 11% of such tax collections shall be deemed to be
 23 pledged for the purpose of 17-5-403(2). The pledge and
 24 appropriation herein made shall be and remain at all times a
 25 first and prior charge upon all money received from the

1 collection of said taxes.

2 (2) The state pledges and appropriates and directs to
 3 be credited to the sinking fund account ~~15%~~ 11% of all money
 4 received from the collection of the 9 12-cent excise tax on
 5 cigarettes which is levied, imposed, and assessed by
 6 16-11-111(1). ~~The state also pledges and appropriates and~~
 7 ~~directs to be credited as received to the sinking fund~~
 8 ~~account all money received from the collection of each of~~
 9 ~~the excise taxes on cigarettes which are levied, imposed,~~
 10 ~~and assessed by subsection (2) and (3) of 16-11-111 as~~
 11 ~~amended, after the payment and redemption in full of the~~
 12 ~~outstanding bonds for which said taxes have heretofore been~~
 13 ~~pledged and appropriated or after the necessary funds have~~
 14 ~~been set aside for such payment and redemption as provided~~
 15 ~~in this part.~~ The state also pledges and appropriates and
 16 directs to be credited as received to the sinking fund
 17 account all money received from the collection of the taxes
 18 on other tobacco products which are or may hereafter be
 19 levied, imposed, and assessed by law for that purpose,
 20 including the tax levied, imposed, and assessed by
 21 16-11-202. Nothing herein shall impair or otherwise affect
 22 the provisions and covenants contained in the resolutions
 23 authorizing the presently outstanding long-range building
 24 program bonds. Subject to the provisions of the preceding
 25 sentence, the pledge and appropriation herein made shall be

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1 and remain at all times a first and prior charge upon all
2 money received from the collection of all taxes referred to
3 in this subsection (2)."
4 Section 5. Effective date. This act is effective on
5 July 1, 1981.

-End-

STATE OF MONTANA

REQUEST NO. 309-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 5, 19 81, there is hereby submitted a Fiscal Note for House Bill 635 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation

An act to reallocate the cigarette tax and to delete references in the cigarette tax law to bonds that have been retired; and providing an effective date.

Assumptions

- *1. All funds deposited in the Sinking Fund will flow to the General Fund as Long Range Building Plan bond excess.
2. Cigarette sales will be as follows:

<u>Fiscal Year</u>	<u>Packages Sold</u>	
1982	91,583,333	
1983	91,216,667	

<u>Fiscal Impact</u>	<u>FY 1982</u>	<u>FY 1983</u>
Cigarette Excise Tax:		
Under Current Law	\$10,990,000	\$10,946,000
Under Proposed Law	10,990,000	10,946,000
Fund Information:		
General Fund*:		
Under Current Law	\$ 8,016,106	\$ 7,984,012
Under Proposed Law	<u>8,462,300</u>	<u>8,428,420</u>
Increase	\$ 446,194	\$ 444,408
Bond Proceeds and Insurance:		
Under Current Law	\$ 2,973,894	\$ 2,961,988
Under Proposed Law	<u>2,527,700</u>	<u>2,517,580</u>
Decrease	\$ (446,194)	\$ (444,408)

David M. Lewis

 BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-9-81

Approved by Committee
on Taxation

HOUSE BILL NO. 635

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE OFFICE OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO REALLOCATE THE
CIGARETTE TAX AND TO DELETE REFERENCES IN THE CIGARETTE TAX
LAW TO BONDS THAT HAVE BEEN RETIRED; AMENDING SECTIONS
16-11-111, 16-11-114, 16-11-119, AND 17-5-408, MCA; AND
PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-11-111, MCA, is amended to read:

"16-11-111. Cigarette sales tax. ~~{1}~~ From and after
~~March 5, 1971~~; July 1, 1981, there is hereby levied, imposed,
and assessed and there shall be collected and paid to the
state of Montana upon cigarettes sold or possessed in this
state the following excise tax which shall be paid prior to
the time of sale and delivery thereof: 9 12 cents on each
package containing not more than 20 cigarettes and, when
packages contain more than 20 cigarettes, then 9 12 cents on
each 20 or fraction of 20 cigarettes contained in such
package.

~~{2} From and after December 6, 1950, there is hereby
levied, imposed, and assessed and there shall be collected
and paid to the state of Montana upon cigarettes sold or~~

~~possessed in this state the following excise tax in
addition to the excise tax on cigarettes levied, imposed,
and assessed by subsection (1) of this section, an
additional tax which shall be paid prior to the time of sale
and delivery of such cigarettes, 2 cents on each package
containing not more than 20 cigarettes and, when packages
contain more than 20 cigarettes, then 2 cents on each 20 or
fraction of 20 cigarettes contained in such package, which
additional tax shall continue in force until the payment and
retirement of all bonds of the state of Montana and the
payment of interest thereon issued under the authority of
initiative Nov 54, as amended, for the purpose of paying an
honorarium to the residents of Montana who were in military
service in the military forces of the United States in World
War II, the Korean conflict, or World War I and until the
payment and retirement of all long range building program
bonds issued under the provisions of Title 17, Chapter 5.~~

~~{3} From and after July 1, 1963, there is hereby
levied, imposed, and assessed and there shall be collected
and paid to the state of Montana upon cigarettes sold or
possessed in this state the following excise tax, in
addition to the excise tax on cigarettes levied, imposed,
and assessed by subsections (1) and (2) of this section, an
additional tax which shall be paid prior to the time of sale
and delivery of such cigarettes, 1 cent on each package~~

1 containing not more than 20 cigarettes and when packages
 2 contain more than 20 cigarettes, then 1 cent on each 20 or
 3 fraction of 20 cigarettes contained in such package which
 4 additional tax shall continue in force until the payment and
 5 retirement of the additional bonds of the state of Montana
 6 authorized by amendatory acts of the 35th and 38th
 7 legislative assemblies and the payment of the interest
 8 thereon and until the payment and retirement of all
 9 long-range building program bonds issued under the
 10 provisions of Title 17, Chapter 5."

11 Section 2. Section 16-11-114, MCA, is amended to read:

12 "16-11-114. Insignia discount. Every licensed
 13 wholesaler and licensed retailer shall be entitled to
 14 purchase said insignia at full face value less 8% ~~3%~~ of the
 15 face value upon payment therefor as defrayment of the costs
 16 of affixing insignia and precollecting such tax on behalf of
 17 the state of Montana. ~~This defrayment is not applicable to~~
 18 ~~that portion of the tax collected for any veterans'~~
 19 ~~honorarium or long-range building program."~~

20 Section 3. Section 16-11-119, MCA, is amended to read:

21 "16-11-119. Disposition of taxes -- war veterans'
 22 compensation fund abolished -- retirement of bonds. ~~(1)~~ All
 23 moneys collected under the provisions of 16-11-111~~(1)~~, less
 24 the expense of collecting all the taxes levied, imposed, and
 25 assessed by said section, shall be paid to the state

1 treasurer and deposited as follows: 50% in the general fund,
 2 15% ~~7%~~ 7.3% in the long-range building program account in
 3 the sinking fund, and 35% ~~23%~~ 27% in the long-range building
 4 program account in the bond proceeds and insurance clearance
 5 fund.

6 ~~(2) All taxes levied, imposed, and assessed under the~~
 7 ~~provisions of 16-11-111(2) shall when collected, be paid to~~
 8 ~~the state treasurer and credited to a subfund in the sinking~~
 9 ~~fund and shall, while any of the bonds issued and sold for~~
 10 ~~the purpose of paying an honorarium or adjusted compensation~~
 11 ~~to the residents of Montana who were in military service in~~
 12 ~~the military forces of the United States in World War I or~~
 13 ~~World War II or any of the interest thereon remain unpaid,~~
 14 ~~be available for the payment thereof.~~

15 ~~(3) All taxes levied, imposed, and assessed under the~~
 16 ~~provisions of 16-11-111(3) shall when collected, be paid to~~
 17 ~~the state treasurer and credited to a subfund in the sinking~~
 18 ~~fund, which shall, while any of the bonds hereafter issued~~
 19 ~~and sold in addition to the bonds authorized by Initiative~~
 20 ~~Measure No. 54 as originally enacted or any of the interest~~
 21 ~~upon such additional bonds remain unpaid, be used only for~~
 22 ~~the payment thereof and of the expenses of administration of~~
 23 ~~this part.~~

24 ~~(4) The war veterans' compensation fund established by~~
 25 ~~Initiative No. 54, as amended by Chapter 44, Laws of 1957,~~

1 is abolished, and all moneys in the fund are transferred to
 2 a subfund in the bond proceeds and insurance clearance funds.
 3 When all veterans' honoraria authorized by law have been
 4 paid, such moneys shall be transferred to the two accounts
 5 in the sinking fund established by this section.

6 (5) After all of the outstanding war veterans'
 7 compensation bonds and World War I compensation bonds have
 8 been paid or redeemed or after the necessary funds have been
 9 set aside for their payment or redemption, the balance of
 10 the proceeds theretofore collected under the provisions of
 11 subsections (2) and (3) of 16-11-111 shall be transferred to
 12 the sinking fund account provided for in 17-5-405."

13 Section 4. Section 17-5-408, MCA, is amended to read:
 14 "17-5-408. Percentage of income, corporation license,
 15 and cigarette tax pledged. (1) The state pledges and
 16 appropriates and directs to be credited as received to the
 17 sinking fund account 11% of all money, except as provided in
 18 15-31-702, received from the collection of the income tax
 19 and the corporation license tax referred to in 15-1-501 and
 20 such additional amount of said taxes, if any, as may at any
 21 time be needed to comply with the principal and interest and
 22 reserve requirements stated in 17-5-405(4), provided that no
 23 more than 11% of such tax collections shall be deemed to be
 24 pledged for the purpose of 17-5-403(2). The pledge and
 25 appropriation herein made shall be and remain at all times a

1 first and prior charge upon all money received from the
 2 collection of said taxes.

3 (2) The state pledges and appropriates and directs to
 4 be credited to the sinking fund account ~~15%~~ 7% 73% of all
 5 money received from the collection of the 9 12-cent excise
 6 tax on cigarettes which is levied, imposed, and assessed by
 7 ~~16-11-111(1)~~. The state also pledges and appropriates and
 8 directs to be credited as received to the sinking fund
 9 account all money received from the collection of each of
 10 the excise taxes on cigarettes which are levied, imposed,
 11 and assessed by subsection (2) and (3) of 16-11-111 as
 12 amended, after the payment and redemption in full of the
 13 outstanding bonds for which said taxes have heretofore been
 14 pledged and appropriated or after the necessary funds have
 15 been set aside for such payment and redemption as provided
 16 in this part. The state also pledges and appropriates and
 17 directs to be credited as received to the sinking fund
 18 account all money received from the collection of the taxes
 19 on other tobacco products which are or may hereafter be
 20 levied, imposed, and assessed by law for that purpose,
 21 including the tax levied, imposed, and assessed by
 22 16-11-202. Nothing herein shall impair or otherwise affect
 23 the provisions and covenants contained in the resolutions
 24 authorizing the presently outstanding long-range building
 25 program bonds. Subject to the provisions of the preceding

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1 sentence, the pledge and appropriation herein made shall be
2 and remain at all times a first and prior charge upon all
3 money received from the collection of all taxes referred to
4 in this subsection (2)."

5 Section 5. Effective date. This act is effective on
6 July 1, 1981.

-End-

1 HOUSE BILL NO. 635

2 INTRODUCED BY BARDANOUVE

3 BY REQUEST OF THE OFFICE OF THE GOVERNOR

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REALLOCATE THE
6 CIGARETTE TAX AND TO DELETE REFERENCES IN THE CIGARETTE TAX
7 LAW TO BONDS THAT HAVE BEEN RETIRED; AMENDING SECTIONS
8 16-11-111, 16-11-114, 16-11-119, AND 17-5-408, MCA; AND
9 PROVIDING AN EFFECTIVE DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 16-11-111, MCA, is amended to read:

13 "16-11-111. Cigarette sales tax. ~~{1}~~ From and after
14 ~~March 5, 1971~~ July 1, 1981, there is hereby levied, imposed,
15 and assessed and there shall be collected and paid to the
16 state of Montana upon cigarettes sold or possessed in this
17 state the following excise tax which shall be paid prior to
18 the time of sale and delivery thereof: 9 12 cents on each
19 package containing not more than 20 cigarettes and, when
20 packages contain more than 20 cigarettes, then 9 12 cents on
21 each 20 or fraction of 20 cigarettes contained in such
22 package.

23 ~~{2}--From--and--after--December--6--1950--there--is--hereby~~
24 ~~levied, imposed, and assessed and there shall be collected~~
25 ~~and paid to the state of Montana upon cigarettes sold or~~

1 ~~possessed in this state the following excise tax in~~
2 ~~addition to the excise tax on cigarettes levied, imposed,~~
3 ~~and assessed by subsection (1) of this section, an~~
4 ~~additional tax which shall be paid prior to the time of sale~~
5 ~~and delivery of such cigarettes, 2 cents on each package~~
6 ~~containing not more than 20 cigarettes and, when packages~~
7 ~~contain more than 20 cigarettes, then 2 cents on each 20 or~~
8 ~~fraction of 20 cigarettes contained in such packages, which~~
9 ~~additional tax shall continue in force until the payment and~~
10 ~~retirement of all bonds of the state of Montana and the~~
11 ~~payment of interest thereon, issued under the authority of~~
12 ~~initiative Nov 54, as amended, for the purpose of paying on~~
13 ~~honorarium to the residents of Montana who were in military~~
14 ~~service in the military forces of the United States in World~~
15 ~~War II, the Korean conflict, or World War I and until the~~
16 ~~payment and retirement of all long range building program~~
17 ~~bonds issued under the provisions of Title 17, Chapter 5,~~

18 ~~{3}--From--and--after--July--1--1963--there--is--hereby~~
19 ~~levied, imposed, and assessed and there shall be collected~~
20 ~~and paid to the state of Montana upon cigarettes sold or~~
21 ~~possessed in this state the following excise tax, in~~
22 ~~addition to the excise tax on cigarettes levied, imposed,~~
23 ~~and assessed by subsections (1) and (2) of this section, an~~
24 ~~additional tax which shall be paid prior to the time of sale~~
25 ~~and delivery of such cigarettes, 1 cent on each package~~

1 ~~containing not more than 20 cigarettes and, when packages~~
 2 ~~contain more than 20 cigarettes, then 1 cent on each 20 or~~
 3 ~~fraction of 20 cigarettes contained in such packages, which~~
 4 ~~additional tax shall continue in force until the payment and~~
 5 ~~retirement of the additional bonds of the state of Montana~~
 6 ~~authorized by amendatory acts of the 35th and 38th~~
 7 ~~legislative assemblies and the payment of the interest~~
 8 ~~thereon and until the payment and retirement of all~~
 9 ~~long-range building program bonds issued under the~~
 10 ~~provisions of title 17, chapter 5."~~

11 Section 2. Section 16-11-114, MCA, is amended to read:

12 "16-11-114. Insignia discount. Every licensed
 13 wholesaler and licensed retailer shall be entitled to
 14 purchase said insignia at full face value less 8% ~~3%~~ of the
 15 face value upon payment therefor as defrayment of the costs
 16 of affixing insignia and precollecting such tax on behalf of
 17 the state of Montana. ~~This defrayment is not applicable to~~
 18 ~~that portion of the tax collected for any veterans'~~
 19 ~~honorarium or long-range building program."~~

20 Section 3. Section 16-11-119, MCA, is amended to read:

21 "16-11-119. Disposition of taxes -- ~~war veterans'~~
 22 ~~compensation fund abolished --~~ retirement of bonds. ~~(1)~~ All
 23 moneys collected under the provisions of 16-11-111~~(1)~~, less
 24 the expense of collecting all the taxes levied, imposed, and
 25 assessed by said section, shall be paid to the state

1 treasurer and deposited as follows: 50% ~~in the general fund,~~
 2 ~~15% ~~77%~~ 73%~~ in the long-range building program account in
 3 the sinking fund, and 35% ~~23%~~ 27% in the long-range building
 4 program account in the bond proceeds and insurance clearance
 5 fund.

6 ~~(2) All taxes levied, imposed, and assessed under the~~
 7 ~~provisions of 16-11-111(2) shall, when collected, be paid to~~
 8 ~~the state treasurer and credited to a subfund in the sinking~~
 9 ~~fund and shall, while any of the bonds issued and sold for~~
 10 ~~the purpose of paying an honorarium or adjusted compensation~~
 11 ~~to the residents of Montana who were in military service in~~
 12 ~~the military forces of the United States in World War I or~~
 13 ~~World War II or any of the interest thereon remain unpaid,~~
 14 ~~be available for the payment thereof.~~

15 ~~(3) All taxes levied, imposed, and assessed under the~~
 16 ~~provisions of 16-11-111(3) shall, when collected, be paid to~~
 17 ~~the state treasurer and credited to a subfund in the sinking~~
 18 ~~fund, which shall, while any of the bonds hereafter issued~~
 19 ~~and sold in addition to the bonds authorized by Initiative~~
 20 ~~Measure No. 54 as originally enacted or any of the interest~~
 21 ~~upon such additional bonds remain unpaid, be used only for~~
 22 ~~the payment thereof and of the expenses of administration of~~
 23 ~~this part.~~

24 ~~(4) The war veterans' compensation fund established by~~
 25 ~~Initiative No. 54, as amended by Chapter 44, Laws of 1957,~~

1 ~~is abolished, and all moneys in the fund are transferred to~~
 2 ~~a subfund in the bond proceeds and insurance clearance funds.~~
 3 ~~When all veterans' honoraria authorized by law have been~~
 4 ~~paid, such moneys shall be transferred to the two accounts~~
 5 ~~in the sinking fund established by this section.~~

6 ~~(5) After all of the outstanding war veterans'~~
 7 ~~compensation bonds and World War I compensation bonds have~~
 8 ~~been paid or redeemed or after the necessary funds have been~~
 9 ~~set aside for their payment or redemption, the balance of~~
 10 ~~the proceeds theretofore collected under the provisions of~~
 11 ~~subsections (2) and (3) of 16-11-111 shall be transferred to~~
 12 ~~the sinking fund account provided for in 17-5-405.~~

13 Section 4. Section 17-5-408, MCA, is amended to read:
 14 "17-5-408. Percentage of income, corporation license,
 15 and cigarette tax pledged. (1) The state pledges and
 16 appropriates and directs to be credited as received to the
 17 sinking fund account 11% of all money, except as provided in
 18 15-31-702, received from the collection of the income tax
 19 and the corporation license tax referred to in 15-1-501 and
 20 such additional amount of said taxes, if any, as may at any
 21 time be needed to comply with the principal and interest and
 22 reserve requirements stated in 17-5-405(4), provided that no
 23 more than 11% of such tax collections shall be deemed to be
 24 pledged for the purpose of 17-5-403(2). The pledge and
 25 appropriation herein made shall be and remain at all times a

1 first and prior charge upon all money received from the
 2 collection of said taxes.

3 (2) The state pledges and appropriates and directs to
 4 be credited to the sinking fund account ~~15%~~ 77% 73% of all
 5 money received from the collection of the 9 12-cent excise
 6 tax on cigarettes which is levied, imposed, and assessed by
 7 ~~16-11-111(i).~~ The state also pledges and appropriates and
 8 directs to be credited as received to the sinking fund
 9 account all money received from the collection of each of
 10 the excise taxes on cigarettes which are levied, imposed,
 11 and assessed by subsection (2) and (3) of 16-11-111, as
 12 amended, after the payment and redemption in full of the
 13 outstanding bonds for which said taxes have heretofore been
 14 pledged and appropriated or after the necessary funds have
 15 been set aside for such payment and redemption as provided
 16 in this part. The state also pledges and appropriates and
 17 directs to be credited as received to the sinking fund
 18 account all money received from the collection of the taxes
 19 on other tobacco products which are or may hereafter be
 20 levied, imposed, and assessed by law for that purpose,
 21 including the tax levied, imposed, and assessed by
 22 16-11-202. Nothing herein shall impair or otherwise affect
 23 the provisions and covenants contained in the resolutions
 24 authorizing the presently outstanding long-range building
 25 program bonds. Subject to the provisions of the preceding

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1 sentence, the pledge and appropriation herein made shall be
2 and remain at all times a first and prior charge upon all
3 money received from the collection of all taxes referred to
4 in this subsection (2)."

5 Section 5. Effective date. This act is effective on
6 July 1, 1981.

-End-

HOUSE BILL NO. 635

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE OFFICE OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO REALLOCATE THE CIGARETTE TAX AND TO DELETE REFERENCES IN THE CIGARETTE TAX LAW TO BONDS THAT HAVE BEEN RETIRED; AMENDING SECTIONS 16-11-111, 16-11-114, 16-11-119, AND 17-5-408, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-11-111, MCA, is amended to read:

"16-11-111. Cigarette sales tax. (1) From and after March 5, 1971 July 1, 1981, there is hereby levied, imposed, and assessed and there shall be collected and paid to the state of Montana upon cigarettes sold or possessed in this state the following excise tax which shall be paid prior to the time of sale and delivery thereof: 9 12 cents on each package containing not more than 20 cigarettes and, when packages contain more than 20 cigarettes, then 9 12 cents on each 20 or fraction of 20 cigarettes contained in such package.

(2) ~~From and after December 6, 1950, there is hereby levied, imposed, and assessed and there shall be collected and paid to the state of Montana upon cigarettes sold or~~

~~possessed in this state the following excise tax in addition to the excise tax on cigarettes levied, imposed, and assessed by subsection (1) of this section, an additional tax which shall be paid prior to the time of sale and delivery of such cigarettes, 2 cents on each package containing not more than 20 cigarettes, and when packages contain more than 20 cigarettes, then 2 cents on each 20 or fraction of 20 cigarettes contained in such package, which additional tax shall continue in force until the payment and retirement of all bonds of the state of Montana and the payment of interest thereon issued under the authority of initiative No. 54, as amended, for the purpose of paying an honorarium to the residents of Montana who were in military service in the military forces of the United States in World War II, the Korean conflict, or World War I and until the payment and retirement of all long-range building program bonds issued under the provisions of Title 17, Chapter 5.~~

(3) ~~From and after July 1, 1963, there is hereby levied, imposed, and assessed and there shall be collected and paid to the state of Montana upon cigarettes sold or possessed in this state the following excise tax in addition to the excise tax on cigarettes levied, imposed, and assessed by subsections (1) and (2) of this section, an additional tax which shall be paid prior to the time of sale and delivery of such cigarettes, 1 cent on each package~~

1 containing not more than 20 cigarettes and when packages
 2 contain more than 20 cigarettes, then 1 cent on each 20 or
 3 fraction of 20 cigarettes contained in such package which
 4 additional tax shall continue in force until the payment and
 5 retirement of the additional bonds of the state of Montana
 6 authorized by amendatory acts of the 35th and 38th
 7 legislative assemblies and the payment of the interest
 8 thereon and until the payment and retirement of all
 9 long range building program bonds issued under the
 10 provisions of Title 17, Chapter 5.

11 Section 2. Section 16-11-114, MCA, is amended to read:

12 "16-11-114. Insignia discount. Every licensed
 13 wholesaler and licensed retailer shall be entitled to
 14 purchase said insignia at full face value less 8% 3% of the
 15 face value upon payment therefor as defrayment of the costs
 16 of affixing insignia and precollecting such tax on behalf of
 17 the state of Montana. This defrayment is not applicable to
 18 that portion of the tax collected for any veterans'
 19 honorarium or long range building program."

20 Section 3. Section 16-11-119, MCA, is amended to read:

21 "16-11-119. Disposition of taxes -- war veterans'
 22 compensation fund abolished -- retirement of bonds. (1) All
 23 moneys collected under the provisions of 16-11-111(1), less
 24 the expense of collecting all the taxes levied, imposed, and
 25 assessed by said section, shall be paid to the state

1 treasurer and deposited as follows: 50% in the general fund
 2 15% ~~77%~~ 73% in the long range building program account in
 3 the sinking fund, and 35% 23% 27% in the long range building
 4 program account in the bond proceeds and insurance clearance
 5 fund.

6 (2) All taxes levied, imposed, and assessed under the
 7 provisions of 16-11-111(2) shall when collected, be paid to
 8 the state treasurer and credited to a subfund in the sinking
 9 fund and shall, while any of the bonds issued and sold for
 10 the purpose of paying an honorarium or adjusted compensation
 11 to the residents of Montana who were in military service in
 12 the military forces of the United States in World War I or
 13 World War II or any of the interest thereon remain unpaid,
 14 be available for the payment thereof.

15 (3) All taxes levied, imposed, and assessed under the
 16 provisions of 16-11-111(3) shall when collected, be paid to
 17 the state treasurer and credited to a subfund in the sinking
 18 fund, which shall, while any of the bonds hereafter issued
 19 and sold in addition to the bonds authorized by Initiative
 20 Measure No. 54 as originally enacted or any of the interest
 21 upon such additional bonds remain unpaid, be used only for
 22 the payment thereof and of the expenses of administration of
 23 this part.

24 (4) The war veterans' compensation fund established by
 25 Initiative No. 54, as amended by Chapter 44, Laws of 1957,

1 is abolished, and all moneys in the fund are transferred to
 2 a subfund in the bond proceeds and insurance clearance funds.
 3 When all veterans' honoraria authorized by law have been
 4 paid, such moneys shall be transferred to the two accounts
 5 in the sinking fund established by this section.

6 (5) After all of the outstanding war veterans'
 7 compensation bonds and World War I compensation bonds have
 8 been paid or redeemed or after the necessary funds have been
 9 set aside for their payment or redemption, the balance of
 10 the proceeds theretofore collected under the provisions of
 11 subsections (2) and (3) of 16-11-111 shall be transferred to
 12 the sinking fund account provided for in 17-5-405."

13 Section 4. Section 17-5-408, MCA, is amended to read:

14 "17-5-408. Percentage of income, corporation license,
 15 and cigarette tax pledged. (1) The state pledges and
 16 appropriates and directs to be credited as received to the
 17 sinking fund account 11% of all money, except as provided in
 18 15-31-702, received from the collection of the income tax
 19 and the corporation license tax referred to in 15-1-501 and
 20 such additional amount of said taxes, if any, as may at any
 21 time be needed to comply with the principal and interest and
 22 reserve requirements stated in 17-5-405(4), provided that no
 23 more than 11% of such tax collections shall be deemed to be
 24 pledged for the purpose of 17-5-403(2). The pledge and
 25 appropriation herein made shall be and remain at all times a

1 first and prior charge upon all money received from the
 2 collection of said taxes.

3 (2) The state pledges and appropriates and directs to
 4 be credited to the sinking fund account 15% ~~77%~~ 73% of all
 5 money received from the collection of the 9 12-cent excise
 6 tax on cigarettes which is levied, imposed, and assessed by
 7 16-11-111(1). The state also pledges and appropriates and
 8 directs to be credited as received to the sinking fund
 9 account all money received from the collection of each of
 10 the excise taxes on cigarettes which are levied, imposed,
 11 and assessed by subsection (2) and (3) of 16-11-111, as
 12 amended, after the payment and redemption in full of the
 13 outstanding bonds for which said taxes have heretofore been
 14 pledged and appropriated or after the necessary funds have
 15 been set aside for such payment and redemption as provided
 16 in this part. The state also pledges and appropriates and
 17 directs to be credited as received to the sinking fund
 18 account all money received from the collection of the taxes
 19 on other tobacco products which are or may hereafter be
 20 levied, imposed, and assessed by law for that purpose,
 21 including the tax levied, imposed, and assessed by
 22 16-11-202. Nothing herein shall impair or otherwise affect
 23 the provisions and covenants contained in the resolutions
 24 authorizing the presently outstanding long-range building
 25 program bonds. Subject to the provisions of the preceding

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1 sentence, the pledge and appropriation herein made shall be
2 and remain at all times a first and prior charge upon all
3 money received from the collection of all taxes referred to
4 in this subsection (2)."

5 Section 5. Effective date. This act is effective on
6 July 1, 1981.

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