### HOUSE BILL NO. 45

£

INTRODUCED BY WALDRON, HARP, THOFT, BARDANOUVE, RAMIREZ, MARKS, BRADLEY, HARPER, MANUEL, PECK, BACHINI, M. WILLIAMS, LORY, VINCENT, KEYSER, SPAETH, ADDY, REAM, JACOBSON, VAN VALKENBURG, CHRISTIAENS, REGAN, BENGTSON

> BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

### IN THE HOUSE

January 7, 1985

January 11, 1985

March 30, 1985

Introduced and referred to Committee on Taxation.

Fiscal Note requested.

On motion by Chief Sponsor, Representatives Harp, Thoft, Bardanouve, Ramirez, Marks, Bradley, Harper, Manuel, Peck, Bachini, M. Williams, Lory, Vincent, Keyser, Spaeth, Addy, Ream, and Senators Jacobson, Van Valkenburg, Christiaens, Regan, and Bengtson added as sponsors.

January 12, 1985 Fiscal Note returned.

March 29, 1985 Committee recommend bill do pass as amended. Report adopted.

Bill printed and placed on members' desks.

Second reading, do not pass as amended.

April 1, 1985 On motion, previous action reconsidered.

April 3, 1985 Motion pass consideration.

April 10, 1985

Second reading, do pass.

On motion, rules suspended and bill placed on third reading this day.

Third reading, passed.

Transmitted to Senate.

## IN THE SENATE

- April 15, 1985
- April 17, 1985
- April 18, 1985
- April 19, 1985

accept. Motion adopted.

On motion, rules suspended to

Introduced and referred to Committee on Taxation.

Committee recommend bill be concurred in. Report adopted.

Second reading, concurred in.

Third reading, concurred in. Ayes, 35; Noes, 15.

Returned to House.

# IN THE HOUSE

April 19, 1985	Received from Senate.
April 20, 1985	Sent to enrolling.
	Reported correctly enrolled.

LC 0282/01

1		HOUSE BILL NO. 45
2	INTRODUCED BY	WALDRON
3		BY REQUEST OF THE OFFICE OF
4	,	BUDGET AND PROGRAM PLANNING
5		

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
CIGARETTE EXCISE TAX TO 24 CENTS PER PACKAGE; DIRECTING THE
DISPOSITION OF THE ADDITIONAL CIGARETTE TAX REVENUE;
AMENDING SECTIONS 16-11-111, 16-11-119, AND 17-5-408, MCA;
AND PROVIDING AN EFFECTIVE DATE."

11

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

Section 1. Section 16-11-111, MCA, is amended to read: 13 "16-11-111. Cigarette sales tax. From-and--after--July 14 ty-198ty-there There is hereby levied, imposed, and assessed 15 and there shall be collected and paid to the state of 16 Montana upon cigarettes sold or possessed in this state the 17 following excise tax which shall be paid prior to the time 18 19 of sale and delivery thereof: 16 24 cents on each package 20 containing not more than 20 cigarettes and, when packages 21 contain more than 20 cigarettes, then 16 24 cents on each 20 or fraction of 20 cigarettes contained in such package." 22

23 Section 2. Section 16-11-119, MCA, is amended to read:
24 "16-11-119. Disposition of taxes -- retirement of
25 bonds. All moneys collected under the provisions of

Montana Legislative Council

1 16-11-111, less the expense of collecting all the taxes 2 levied, imposed, and assessed by said section, shall be paid 3 to the state treasurer and deposited as follows: 33.33% in 4 <u>the state general fund</u>, 79.75% 53.17% in the long-range 5 building program fund in the debt service fund type, and 6 20.25% 13.5% in the long-range building program fund in the 7 capital projects fund type."

Section 3. Section 17-5-408, MCA, is amended to read: 8 \*17-5-408. Percentage of income, corporation license, 9 10 and cigarette tax pledged. (1) The state pledges and appropriates and directs to be credited as received to the 11 12 debt service account 11% of all money, except as provided in 13 15-31-702, received from the collection of the income tax 14 and the corporation license tax referred to in 15-1-501 and 15 such additional amount of said taxes, if any, as may at any 16 time be needed to comply with the principal and interest and 17 reserve requirements stated in 17-5-405(4), provided that no 18 more than 11% of such tax collections shall be deemed to be pledged for the purpose of 17-5-403(2). The pledge and 19 20 appropriation herein made shall be and remain at all times a 21 first and prior charge upon all money received from the 22 collection of said taxes.

23 (2) The state pledges and appropriates and directs to
24 be credited to the debt service account 79+75% 53.17% of all
25 money received from the collection of the ±6-cent 24-cent

-2- INTRODUCED BILL H845

#### LC 0282/01

excise tax on cigarettes which is levied, imposed, and 1 2 assessed by 16-11-111. The state also pledges and 3 appropriates and directs to be credited as received to the debt service account all money received from the collection 4 of the taxes on other tobacco products which are or may 5 6 hereafter be levied, imposed, and assessed by law for that 7 purpose, including the tax levied, imposed, and assessed by 16-11-202. Nothing herein shall impair or otherwise affect 8 9 the provisions and covenants contained in the resolutions 10 authorizing the presently outstanding long-range building program bonds. 11 Subject to the provisions of the preceding sentence, the pledge and appropriation herein made shall be 12 13 and remain at all times a first and prior charge upon all 14 money received from the collection of all taxes referred to 15 in this subsection (2)."

16 <u>NEW SECTION.</u> Section 4. Effective date. This act is
 17 effective October 1, 1985.

-End-

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## STATE OF MONTANA

# FISCAL NOTE

REQUEST NO. FNN009-85

Form BD-15

In compliance with a written request received January 7, 19 85, there is hereby submitted a Fiscal Note for H.B. 45 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:**

An act increasing the cigarette excise tax to 24 cents per package; directing the disposition of the additional cigarette tax revenue; amending sections 16-11-111, 16-11-119, and 17-5-408, MCA; and providing an effective date.

### ASSUMTPIONS:

The OBPP's projections of cigarette excise tax revenues provide the basis for comparison.

### **REVENUES:**

, <del>4</del>		FY 86			FY 87	
	Under Current Law	Under Proposed Law	Estimated Increase	Under Current Law	Under Proposed Law	Estimated Increase
Cigarette Excise Tax Total Revenue	\$14,649,000 \$14,649,000	\$20,142,000 \$20,142,000	\$ 5,493,000 \$ 5,493,000	\$14,711,000 \$14,711,000	\$22,066,000 \$22,066,000	\$ 7,355,000 \$ 7,355,000
Fund Information: General Fund Capitol Project	-0-	\$ 5,493,000	\$ 5,493,000	-0-	\$ 7,355,000	\$ 7,355,000
Fund Debt Service Fund	\$ 2,966,000 \$11,683,000	\$ 2,966,000 \$11,683,000	-0- -0-	\$ 2,979,000 11,732,000	2,979,000 11,732,000	-0- -0-

BUDGET DIRECTOR Office of Budget and Program Planning

Date: JAN 12, 1985 1. S. .

49th Legislature

HB 0045/02

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APPROVED BY COMMITTEE ON TAXATION

1	HOUSE BILL NO. 45	1	or f
2	INTRODUCED BY WALDRON, HARP, THOFT, BARDANOUVE,	2	
. 3	RAMIREZ, MARKS, BRADLEY, HARPER, MANUEL, PECK,	3	
4	BACHINI, M. WILLIAMS, LORY, VINCENT, KEYSER,	4	bonđ
5	SPAETH, ADDY, REAM, JACOBSON, VAN VALKENBURG,	5	16-1
6	CHRISTIAENS, REGAN, BENGTSON	б	levi
7	BY REQUEST OF THE OFFICE OF	7	to
8	BUDGET AND PROGRAM PLANNING	8	the
9		9	buil
10	A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE	10	20-2
11	CIGARETTE EXCISE TAX TO 24 CENTS PER PACKAGE; DIRECTING THE	11	capi
12	DISPOSITION OF THE ADDITIONAL CIGARETTE TAX REVENUE;	12	
13	AMENDING SECTIONS 16-11-111, 16-11-119, AND 17-5-408, MCA;	13	
14	AND PROVIDING AN EFFECTIVE DATE."	14	and
15		25	appr
16	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	. 16	debt
17	Section 1. Section 16-11-111, MCA, is amended to read:	17	15-3
18	"16-11-111. Cigarette sales tax. From-andafterJuly	18	and
19	17-19817-there There is hereby levied, imposed, and assessed	19	such
20	and there shall be collected and paid to the state of	20	time
21	Montana upon cigarettes sold or possessed in this state the	21	rese
22	following excise tax which shall be paid prior to the time	22	nore
23	of sale and delivery thereof: $\frac{1}{24}$ cents on each package	23	pled
24	containing not more than 20 cigarettes and, when packages	24	appr
25	contain more than 20 cigarettes, then $\frac{16}{24}$ cents on each 20	25	firs

or fraction of 20 cigarettes contained in such package."

Section 2. Section 16-11-119, MCA, is amended to read: "16-11-119. Disposition of taxes -- retirement of bonds. All moneys collected under the provisions of 16-11-111, less the expense of collecting all the taxes levied, imposed, and assessed by said section, shall be paid to the state treasurer and deposited as follows: <u>33.33% in</u> <u>the state general fund</u>, 79-75% <u>53.17%</u> in the long-range building program fund in the debt service fund type, and 20-25% <u>13.5%</u> in the long-range building program fund in the capital projects fund type."

Section 3. Section 17-5-408, MCA, is amended to read: "17-5-408. Percentage of income, corporation license, and cigarette tax pledged. (1) The state pledges and appropriates and directs to be credited as received to the debt service account 11% of all money, except as provided in 15-31-702, received from the collection of the income tax and the corporation license tax referred to in 15-1-501 and such additional amount of said taxes, if any, as may at any time be needed to comply with the principal and interest and reserve requirements stated in 17-5-405(4), provided that no more than 11% of such tax collections shall be deemed to be pledged for the purpose of 17-5-403(2). The pledge and appropriation herein made shall be and remain at all times a first and prior charge upon all money received from the

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HB 45 SECOND READING

HB 45.

1 collection of said taxes.

(2) The state pledges and appropriates and directs to 2 be credited to the debt service account 79-75% 53.17% of all 3 money received from the collection of the 16-cent 24-cent 4 excise tax on cigarettes which is levied, imposed, and 5 assessed by 16-11-111. The state also pledges and 6 7 appropriates and directs to be credited as received to the debt service account all money received from the collection 8 of the taxes on other tobacco products which are or may 9 hereafter be levied, imposed, and assessed by law for that 10 11 purpose, including the tax levied, imposed, and assessed by 16-11-202. Nothing herein shall impair or otherwise affect 12 the provisions and covenants contained in the resolutions 13 14 authorizing the presently outstanding long-range building 15 program bonds. Subject to the provisions of the preceding 16 sentence, the pledge and appropriation herein made shall be 17 and remain at all times a first and prior charge upon all 18 money received from the collection of all taxes referred to in this subsection (2)." 19

<u>NEW SECTION.</u> Section 4. Effective date. This act is
 effective October 1, 1985, <u>BUT ONLY IF THE RATE OF TAX ON</u>
 <u>CIGARETTES IMPOSED BY 26 U.S.C. 5701(B)(1) IS REDUCED FROM</u>
 \$8 PER THOUSAND TO \$4 PER THOUSAND ON THAT DATE.

-End-

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1	HOUSE BILL NO. 45
2	INTRODUCED BY WALDRON, HARP, THOFT, BARDANOUVE,
3	RAMIREZ, MARKS, BRADLEY, HARPER, MANUEL, PECK,
4	BACHINI, M. WILLIAMS, LORY, VINCENT, KEYSER,
5	SPAETH, ADDY, REAM, JACOBSON, VAN VALKENBURG,
6	CHRISTIAENS, REGAN, BENGTSON
7	BY REQUEST OF THE OFFICE OF
8	BUDGET AND PROGRAM PLANNING
9	
10	A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
11	CIGARETTE EXCISE TAX TO 24 CENTS PER PACKAGE; DIRECTING THE
12	DISPOSITION OF THE ADDITIONAL CIGARETTE TAX REVENUE;
13	AMENDING SECTIONS 16-11-111, 16-11-119, AND 17-5-408, MCA;
14	AND PROVIDING A TERMINATION DATE AND AN EFFECTIVE DATE."
15	
16	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
17	Section 1. Section 16-11-111, MCA, is amended to read:
18	"16-11-111. Cigarette sales tax. From-andafterJuly
19	17-19817-there There is hereby levied, imposed, and assessed
20	and there shall be collected and paid to the state of
21	Montana upon cigarettes sold or possessed in this state the
22	following excise tax which shall be paid prior to the time
23	of sale and delivery thereof: <del>16</del> <u>24</u> cents on each package
24	containing not more than 20 cigarettes and, when packages
25	contain more than 20 cigarettes, then 16 24 cents on each 20

Montana Legislative Council

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1 or fraction of 20 cigarettes contained in such package."

2 Section 2. Section 16-11-119, MCA, is amended to read: "16-11-119. Disposition of taxes -- retirement of 3 All moneys collected under the provisions of 4 bonds. 16-11-111, less the expense of collecting all the taxes 5 6 levied, imposed, and assessed by said section, shall be paid 7 to the state treasurer and deposited as follows: 33.33% in the state general fund, 79-75% 53.17% in the long-range 8 building program fund in the debt service fund type, and 9 20-25% 13.5% in the long-range building program fund in the 10 11 capital projects fund type."

Section 3. Section 17-5-408, MCA, is amended to read: 12 13 "17-5-408. Percentage of income, corporation license, 14 and cigarette tax pledged. (1) The state pledges and appropriates and directs to be credited as received to the 15 debt service account 11% of all money, except as provided in 16 17 15-31-702, received from the collection of the income tax and the corporation license tax referred to in 15-1-501 and 18 such additional amount of said taxes, if any, as may at any 19 20 time be needed to comply with the principal and interest and reserve requirements stated in 17-5-405(4), provided that no 21 more than 11% of such tax collections shall be deemed to be 22 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 first and prior charge upon all money received from the 25

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HB 45 THIRD READING

1 collection of said taxes.

2 (2) The state pledges and appropriates and directs to 3 be credited to the debt service account 79-75% 53.17% of all 4 money received from the collection of the ±6-cent 24-cent 5 excise tax on cigarettes which is levied, imposed, and 6 assessed by 16-11-111. The state also pledges and 7 appropriates and directs to be credited as received to the 8 debt service account all money received from the collection 9 of the taxes on other tobacco products which are or may hereafter be levied, imposed, and assessed by law for that 10 11 purpose, including the tax levied, imposed, and assessed by 16-11-202, Nothing herein shall impair or otherwise affect 12 13 the provisions and covenants contained in the resolutions 14 authorizing the presently outstanding long-range building 15 program bonds. Subject to the provisions of the preceding 16 sentence, the pledge and appropriation herein made shall be and remain at all times a first and prior charge upon all 17 money received from the collection of all taxes referred to 18 19 in this subsection (2)."

NEW SECTION. SECTION 4. TERMINATION DATE. THIS ACT
 TERMINATES JUNE 30, 1987.
 NEW SECTION. Section 5. Effective date. This act is

effective October 1, 1985, BUT ONLY IF THE RATE OF TAX ON
CIGARETTES IMPOSED BY 26 U.S.C. 5701(B)(1) IS REDUCED FROM
\$8 PER THOUSAND TO \$4 PER THOUSAND ON THAT DATE.

-End-

HB 45

THE THE

1	HOUSE BILL NO. 45
2	INTRODUCED BY WALDRON, HARP, THOFT, BARDANOUVE,
3	RAMIREZ, MARKS, BRADLEY, HARPER, MANUEL, PECK,
4	BACHINI, M. WILLIAMS, LORY, VINCENT, KEYSER,
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11	CIGARETTE EXCISE TAX TO 24 CENTS PER PACKAGE; DIRECTING THE
12	DISPOSITION OF THE ADDITIONAL CIGARETTE TAX REVENUE;
13	AMENDING SECTIONS 16-11-111, 16-11-119, AND 17-5-408, MCA;
14	AND PROVIDING A TERMINATION DATE AND AN EFFECTIVE DATE."

15

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 16 17 Section 1. Section 16-11-111, MCA, is amended to read: "16-11-111. Cigarette sales tax. From-and--after--July 18 17-19817-there There is hereby levied, imposed, and assessed 19 and there shall be collected and paid to the state of 20 21 Montana upon cigarettes sold or possessed in this state the 22 following excise tax which shall be paid prior to the time 23 of sale and delivery thereof: 16 24 cents on each package 24 containing not more than 20 cigarettes and, when packages 25 contain more than 20 cigarettes, then 16 24 cents on each 20

Montana Legislative Council

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or fraction of 20 cigarettes contained in such package." 1

2 Section 2. Section 16-11-119, MCA, is amended to read: 3 "16-11-119. Disposition of taxes -- retirement of 4 bonds. All moneys collected under the provisions of 16-11-111, less the expense of collecting all the taxes 5 levied, imposed, and assessed by said section, shall be paid 6 to the state treasurer and deposited as follows: 33.33% in 7 8 the state general fund, 79:75% 53.17% in the long-range 9 building program fund in the debt service fund type, and 10 20-25% 13.5% in the long-range building program fund in the 11 capital projects fund type."

12 Section 3. Section 17-5-408, MCA, is amended to read: "17-5-408. Percentage of income, corporation license, 13 and cigarette tax pledged. (1) The state pledges and 14 15 appropriates and directs to be credited as received to the 16 debt service account 11% of all money, except as provided in 17 15-31-702, received from the collection of the income tax and the corporation license tax referred to in 15-1-501 and 18 19 such additional amount of said taxes, if any, as may at any time be needed to comply with the principal and interest and 20 reserve requirements stated in 17-5-405(4), provided that no 21 22 more than 11% of such tax collections shall be deemed to be pledged for the purpose of 17-5-403(2). The pledge and 23 appropriation herein made shall be and remain at all times a 24 first and prior charge upon all money received from the 25 REFERENCE BILL

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HB 45

and an end of the second s

1 collection of said taxes.

2 (2) The state pledges and appropriates and directs to be credited to the debt service account 79-75% 53.17% of all 3 money received from the collection of the 16-cent 24-cent 4 excise tax on cigarettes which is levied, imposed, and 5 assessed by 16-11-111. The state also pledges and б 7 appropriates and directs to be credited as received to the 8 debt service account all money received from the collection of the taxes on other tobacco products which are or may 9 10 hereafter be levied, imposed, and assessed by law for that purpose, including the tax levied, imposed, and assessed by 11 16-11-202. Nothing herein shall impair or otherwise affect 12 the provisions and covenants contained in the resolutions 13 14 authorizing the presently outstanding long-range building program bonds. Subject to the provisions of the preceding 15 sentence, the pledge and appropriation herein made shall be 16 17 and remain at all times a first and prior charge upon all money received from the collection of all taxes referred to 18 19 in this subsection (2)."

 20
 NEW SECTION. SECTION 4. TERMINATION DATE. THIS ACT

 21
 TERMINATES JUNE 30, 1987.

 <u>NEW SECTION.</u> Section 5. Effective date. This act is
 effective October 1, 1985, BUT ONLY IF THE RATE OF TAX ON
 <u>CIGARETTES IMPOSED BY 26 U.S.C. 5701(B)(1) IS REDUCED FROM</u>
 <u>\$8 PER THOUSAND TO \$4 PER THOUSAND ON THAT DATE</u>. -End-

-3-

HB 45