

HOUSE BILL NO. 45

INTRODUCED BY WALDRON, HARP, THOFT, BARDANOUE,
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	Introduced and referred to Committee on Taxation. Fiscal Note requested.
January 11, 1985	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.
March 30, 1985	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 13, 1985

On motion, rules suspended to accept. Motion adopted.

April 15, 1985

Introduced and referred to Committee on Taxation.

April 17, 1985

Committee recommend bill be concurred in. Report adopted.

April 18, 1985

Second reading, concurred in.

April 19, 1985

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.

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

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

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

13 Section 1. Section 16-11-111, MCA, is amended to read:
 14 "16-11-111. Cigarette sales tax. ~~From and after July~~
 15 ~~17, 1981, there~~ There is hereby levied, imposed, and assessed
 16 and there shall be collected and paid to the state of
 17 Montana upon cigarettes sold or possessed in this state the
 18 following excise tax which shall be paid prior to the time
 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
 22 or fraction of 20 cigarettes contained in such package."

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

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 the state general fund, ~~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."

8 Section 3. Section 17-5-408, MCA, is amended to read:
 9 "17-5-408. Percentage of income, corporation license,
 10 and cigarette tax pledged. (1) The state pledges and
 11 appropriates and directs to be credited as received to the
 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
 19 pledged for the purpose of 17-5-403(2). The pledge and
 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 ~~16-cent~~ 24-cent

1 excise tax on cigarettes which is levied, imposed, and
2 assessed by 16-11-111. The state also pledges and
3 appropriates and directs to be credited as received to the
4 debt service account all money received from the collection
5 of the taxes on other tobacco products which are or may
6 hereafter be levied, imposed, and assessed by law for that
7 purpose, including the tax levied, imposed, and assessed by
8 16-11-202. Nothing herein shall impair or otherwise affect
9 the provisions and covenants contained in the resolutions
10 authorizing the presently outstanding long-range building
11 program bonds. Subject to the provisions of the preceding
12 sentence, the pledge and appropriation herein made shall be
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 NEW SECTION. Section 4. Effective date. This act is
17 effective October 1, 1985.

-End-

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.

ASSUMPTIONS:

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

REVENUES:

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

David L. Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Jan 12, 1985

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 45

INTRODUCED BY WALDRON, HARP, THOPT, BARDANOUE,
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

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."

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. ~~From and after July~~
~~17, 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: ~~16~~ 24 cents on each package
containing not more than 20 cigarettes and, when packages
contain more than 20 cigarettes, then ~~16~~ 24 cents on each 20

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: 33.33% in
the state general fund, ~~79.75%~~ 53.17% in the long-range
building program fund in the debt service fund type, and
~~20.25%~~ 13.5% 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



1 collection of said taxes.

2 (2) The state pledges and appropriates and directs to
3 be credited to the debt service account 79-754 53.17% of all
4 money received from the collection of the 16-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
10 hereafter be levied, imposed, and assessed by law for that
11 purpose, including the tax levied, imposed, and assessed by
12 16-11-202. Nothing herein shall impair or otherwise affect
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
17 and remain at all times a first and prior charge upon all
18 money received from the collection of all taxes referred to
19 in this subsection (2)."

20 NEW SECTION. Section 4. Effective date. This act is
21 effective October 1, 1985, BUT ONLY IF THE RATE OF TAX ON
22 CIGARETTES IMPOSED BY 26 U.S.C. 5701(B)(1) IS REDUCED FROM
23 \$8 PER THOUSAND TO \$4 PER THOUSAND ON THAT DATE.

-End-

HOUSE BILL NO. 45

INTRODUCED BY WALDRON, HARP, THOFT, BARDANOUE, RAMIREZ, MARKS, BRADLEY, HARPER, MANUEL, PECK, BACHINI, M. WILLIAMS, LORY, VINCENT, KEYSER, SPAETH, ADDY, REAM, JACOBSON, VAN VALKENBURG, CHRISTIAENS, REGAN, BENGTON BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

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 A TERMINATION DATE AND 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. ~~From and after July 17, 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: ~~16~~ 24 cents on each package containing not more than 20 cigarettes and, when packages contain more than 20 cigarettes, then ~~16~~ 24 cents on each 20

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: 33.33% in the state general fund, ~~79.75%~~ 53.17% in the long-range building program fund in the debt service fund type, and ~~20.25%~~ 13.5% 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



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 ~~16-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
 10 hereafter be levied, imposed, and assessed by law for that
 11 purpose, including the tax levied, imposed, and assessed by
 12 16-11-202. Nothing herein shall impair or otherwise affect
 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
 17 and remain at all times a first and prior charge upon all
 18 money received from the collection of all taxes referred to
 19 in this subsection (2)."

20 NEW SECTION. SECTION 4. TERMINATION DATE. THIS ACT
 21 TERMINATES JUNE 30, 1987.

22 NEW SECTION. Section 5. Effective date. This act is
 23 effective October 1, 1985, BUT ONLY IF THE RATE OF TAX ON
 24 CIGARETTES IMPOSED BY 26 U.S.C. 5701(B)(1) IS REDUCED FROM
 25 \$8 PER THOUSAND TO \$4 PER THOUSAND ON THAT DATE.

-End-

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

"16-11-111. Cigarette sales tax. ~~From and after July~~
~~17-19817-~~ There is hereby levied, imposed, and assessed
 and there shall be collected and paid to the state of
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 following excise tax which shall be paid prior to the time
 of sale and delivery thereof: ~~16~~ 24 cents on each package
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 to the state treasurer and deposited as follows: 33.33% in
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 building program fund in the debt service fund type, and
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 capital projects fund type."

Section 3. Section 17-5-408, MCA, is amended to read:

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 and cigarette tax pledged. (1) The state pledges and
 appropriates and directs to be credited as received to the
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 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

REFERENCE BILL

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 ~~16-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
10 hereafter be levied, imposed, and assessed by law for that
11 purpose, including the tax levied, imposed, and assessed by
12 16-11-202. Nothing herein shall impair or otherwise affect
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
17 and remain at all times a first and prior charge upon all
18 money received from the collection of all taxes referred to
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