

HOUSE BILL NO. 120

1/07 Introduced  
1/07 Referred to Taxation  
1/10 Fiscal Note Requested  
1/16 Fiscal Note Received  
3/21 Hearing  
Died in Committee

1                    HOUSE    BILL NO. 120  
 2    INTRODUCED BY    NATHE

3  
 4    A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE  
 5    CIGARETTE SALES TAX FROM 16 TO 24 CENTS A PACKAGE; REQUIRING  
 6    REVENUE GENERATED BY THE INCREASE TO BE USED FOR FUNDING  
 7    MEDICAID, DEVELOPMENTAL DISABILITIES, AND RENAL DISEASE  
 8    TREATMENT PROGRAMS; AMENDING SECTIONS 16-11-111, 16-11-119,  
 9    AND 17-5-408, MCA; AND 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. ~~From and after July~~  
 14    ~~17-1981, 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    of sale and delivery thereof: ~~16~~ 24 cents on each package  
 19    containing not more than 20 cigarettes and, when packages  
 20    contain more than 20 cigarettes, then ~~16~~ 24 cents on each 20  
 21    or fraction of 20 cigarettes contained in such package."

22            Section 2. Section 16-11-119, MCA, is amended to read:

23            "16-11-119. Disposition of taxes -- retirement of  
 24    bonds. All moneys collected under the provisions of  
 25    16-11-111, less the expense of collecting all the taxes

1    levied, imposed, and assessed by said section, shall be paid  
 2    to the state treasurer and deposited as follows: ~~79.75%~~

3            (1) 53.17% in the long-range building program fund in  
 4    the debt service fund type; ~~and 20.25%~~

5            (2) 13.5% in the long-range building program fund in  
 6    the capital projects fund type; and

7            (3) 33.33% in the state special revenue fund in the  
 8    special revenue fund type, to be divided equally among the  
 9    following programs:

10            (a) the medicaid programs provided for in Title 53,  
 11    chapter 6, parts 1 and 4;

12            (b) the developmental disabilities services and  
 13    facilities program provided for in Title 53, chapter 20,  
 14    part 2; and

15            (c) the renal disease treatment program provided for  
 16    in Title 53, chapter 6, part 2."

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

18            "17-5-408. Percentage of income, corporation license,  
 19    and cigarette tax pledged. (1) The state pledges and  
 20    appropriates and directs to be credited as received to the  
 21    debt service account ~~11%~~ of all money, except as provided in  
 22    15-31-702, received from the collection of the income tax  
 23    and the corporation license tax referred to in 15-1-501 and  
 24    such additional amount of said taxes, if any, as may at any  
 25    time be needed to comply with the principal and interest and

1 reserve requirements stated in 17-5-405(4), provided that no  
2 more than 11% of such tax collections shall be deemed to be  
3 pledged for the purpose of 17-5-403(2). The pledge and  
4 appropriation herein made shall be and remain at all times a  
5 first and prior charge upon all money received from the  
6 collection of said taxes.

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

25 NEW SECTION. Section 4. Effective date. This act is

1 effective October 1, 1985.

-End-

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN075-85

Form BD-15

In compliance with a written request received January 11 19 85, there is hereby submitted a Fiscal Note for H.B. 120 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:

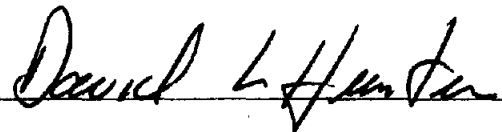
An act increasing the cigarette sales tax from 16 to 24 cents a package; requiring revenue generated by the increase to be used for funding medicaid, developmental disabilities, and renal disease treatment programs, and providing an effective date.

ASSUMPTIONS:

1. Projections of cigarette excise tax are \$14,649,000 in FY1986 and \$14,711,000 in FY1987 (OBPP).

EFFECT ON EXPENDITURES:

	FY86		FY87	
	General Fund Current Level	Earmarked Revenue Available Due to Cigarette Tax	General Fund Current Level	Earmarked Revenue Available Due to Cigarette Tax
Medicaid	\$ 36,634,072	\$ 1,831,000	\$ 38,027,375	\$ 2,451,667
Developmental Disabilities	\$ 11,250,066	\$ 1,831,000	\$ 12,424,672	\$ 2,451,667
Renal Disease	\$ 125,000	\$ 1,831,000	\$ 125,000	\$ 2,451,667

  
BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Jan 16, 1985

(continued)

EFFECT ON REVENUE:

	<u>Under</u> <u>Current Law</u>	<u>FY86</u> <u>Under</u> <u>Proposed Law</u>	<u>Difference</u>	<u>Under</u> <u>Current Law</u>	<u>FY87</u> <u>Under</u> <u>Proposed Law</u>	<u>Difference</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:

Earmarked Special 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