

SENATE BILL NO. 442

2/16 Introduced
2/18 Referred to Taxation
2/18 Fiscal Note Requested
2/23 Fiscal Note Received
3/05 Hearing
3/12 Committee Report-Bill Do Pass
3/14 Rereferred to Taxation
3/18 Committee Report-Bill Do Pass
3/20 Rereferred to Business & Industry
Died in Committee

1 Senate BILL NO. 442
 2 INTRODUCED BY Bob Brown Moran O'Hara
 3 Peck

4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
 5 CIGARETTE SALES TAX FROM 16 TO 21 CENTS A PACKAGE; REQUIRING
 6 REVENUE GENERATED BY THE INCREASE TO BE USED TO EQUALIZE A
 7 PORTION OF THE FINANCING OF THE RETIREMENT FUND LEVY
 8 REQUIREMENTS OF ELEMENTARY AND HIGH SCHOOL DISTRICTS AS
 9 PROVIDED IN SENATE BILL NO. 161; AMENDING SECTIONS
 10 16-11-111, 16-11-119, AND 17-5-408, MCA; AND PROVIDING AN
 11 EFFECTIVE DATE."

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

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

15 "16-11-111. Cigarette sales tax. ~~From and after July~~
 16 ~~17-19817~~ There is hereby levied, imposed, and assessed
 17 and there shall be collected and paid to the state of
 18 Montana upon cigarettes sold or possessed in this state the
 19 following excise tax which shall be paid prior to the time
 20 of sale and delivery thereof: ~~16~~ 21 cents on each package
 21 containing not more than 20 cigarettes and, when packages
 22 contain more than 20 cigarettes, then ~~16~~ 21 cents on each 20
 23 or fraction of 20 cigarettes contained in such package."

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

25 "16-11-119. Disposition of taxes -- retirement of

1 bonds. All moneys collected under the provisions of
 2 16-11-111, less the expense of collecting all the taxes
 3 levied, imposed, and assessed by said section, shall be paid
 4 to the state treasurer and deposited as follows:

5 (1) 79.75% 60.76% in the long-range building program
 6 fund in the debt service fund type; and

7 (2) 20.25% 15.43% in the long-range building program
 8 fund in the capital projects fund type; and

9 (3) 23.81% in a retirement fund equalization aid
 10 account in the special revenue fund for the purposes of
 11 [sections 3 and 4 of Senate Bill No. 161]."

12 Section 3. 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 debt service 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 debt service account ~~79-75%~~ 60.76% of all
4 money received from the collection of the ~~16-cent~~ 21-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. Coordination Instruction. (1)
21 If Senate Bill No. 161 is not passed and approved, this act
22 is void.

23 (2) If this bill and House Bill No. 45 or House Bill
24 No. 120 are passed and approved, the amount of the cigarette
25 sales tax contained in 16-11-111 must reflect the sum of the

1 increases in the tax provided in this act and House Bill No.
2 45 or House Bill No. 120.

3 NEW SECTION. Section 5. Effective date. This act is
4 effective July 1, 1985.

-End-

STATE OF MONTANA

REQUEST NO. FNN472-85

FISCAL NOTE

Form BD-15

In compliance with a written request received February 19 19 85, there is hereby submitted a Fiscal Note for S.B. 442 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 increasing the cigarette sales tax from 16 to 21 cents a package; requiring revenue generated by the increase to be used to equalize a portion of the financing of the retirement fund levy requirements of elementary and high school districts as provided in Senate Bill No. 161.

ASSUMPTIONS:

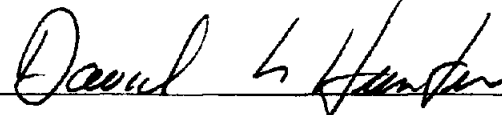
1. Senate Bill 161 passes.
2. Cigarette excise tax, under current law, is estimated to be \$14,649,000 in FY86 and \$14,711,000 in FY87.

FISCAL IMPACT:

	<u>FY1986</u>			<u>FY1987</u>		
	<u>Under</u> <u>Current Law</u>	<u>Under</u> <u>Proposed Law</u>	<u>Difference</u>	<u>Under</u> <u>Current Law</u>	<u>Under</u> <u>Proposed Law</u>	<u>Difference</u>
Cigarette Excise Tax	\$14,649,000	\$19,227,000	\$4,578,000	\$14,711,000	\$19,308,000	\$4,597,000
TOTAL REVENUE	\$14,649,000	\$19,227,000	\$4,578,000	\$14,711,000	\$19,308,000	\$4,597,000
<u>Fund Information</u>						
<u>Earmarked Special</u>						
Revenue Fund	\$ -0-	\$ 4,578,000	\$4,578,000	\$ -0-	\$ 4,597,000	\$4,597,000
Capitol Project Fund	2,966,000	2,967,000	1,000	2,979,000	2,979,000	-0-
Debt Service Fund	11,683,000	11,682,000	(1,000)	11,732,000	11,732,000	-0-

LOCAL IMPACT:

This legislation will reduce local school retirement levies an average of 1.9 mills statewide.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 22, 1985

SB 442

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The federal government has tentatively scheduled to reduce cigarette excise taxes by 8¢/pack on October 1, 1985. If for any reason this reduction in federal excise tax should not occur and the proposed legislation herein is passed, the price per pack of cigarettes will rise.

The last time the state raised the cigarette sales tax retailers purchased enough cigarette stamps in advance to last approximately half a year after the effective date of tax change. If repeated this could reduce FY1986 revenues by up to \$2,280,000.

The language on page 1, line 21-23 of the proposed bill conflicts with the intent of proposed SB249, which provides for a fractional increase in the tax per pack commensurate with the fractional increase in the number of cigarettes per pack.

APPROVED BY COMMITTEE
ON TAXATION

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 2 INTRODUCED BY Bob Brown Moran O'Hara
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