

1 **TOBACCO TAX INCREASE**

2 2009 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Paul Ray**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill amends the Cigarette and Tobacco Tax and Licensing Act by increasing the
10 tax rates on the sale, use, storage, or distribution of cigarettes in the state.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ increases the tax rate for the sale, use, storage, or distribution of cigarettes as
14 follows:
- 15 • for cigarettes weighing not more than three pounds per thousand cigarettes,
16 from 3.475 cents per cigarette to 8.475 cents per cigarette; and
 - 17 • for cigarettes weighing in excess of three pounds per thousand cigarettes, from
18 4.075 cents per cigarette to 9.938 cents per cigarette.

19 **Monies Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 This bill takes effect on July 1, 2009.

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **59-14-204**, as last amended by Laws of Utah 2008, Chapter 382

27 *Be it enacted by the Legislature of the state of Utah:*



28 Section 1. Section **59-14-204** is amended to read:

29 **59-14-204. Tax basis -- Rate -- Future increase -- Restricted account -- Use of**
30 **revenues.**

31 (1) Except for cigarettes described under Subsection 59-14-210(3), there is levied a tax
32 upon the sale, use, storage, or distribution of cigarettes in the state.

33 (2) The rates of the tax levied under Subsection (1) are:

34 (a) [~~3.475~~] 8.475 cents on each cigarette, for all cigarettes weighing not more than
35 three pounds per thousand cigarettes; and

36 (b) [~~4.075~~] 9.938 cents on each cigarette, for all cigarettes weighing in excess of three
37 pounds per thousand cigarettes.

38 (3) Except as otherwise provided under this chapter, the tax levied under Subsection
39 (1) shall be paid by any person who is the manufacturer, jobber, importer, distributor,
40 wholesaler, retailer, user, or consumer.

41 (4) The tax rates specified in this section shall be increased by the commission by the
42 same amount as any future reduction in the federal excise tax on cigarettes.

43 (5) (a) There is created within the General Fund a restricted account known as the
44 "Cigarette Tax Restricted Account."

45 (b) Beginning on July 1, 1998, \$250,000 of the revenues generated by the increase in
46 the cigarette tax under this section enacted during the 1997 Annual General Session shall be
47 annually deposited into the account.

48 (c) The Department of Health shall expend the funds deposited in the account under
49 Subsection (5)(b) for a tobacco prevention and control media campaign targeted towards
50 children.

51 (d) The following revenue generated from the tax increase imposed under Subsection
52 (1) during the 2002 General Session shall be deposited in the Cigarette Tax Restricted
53 Account:

54 (i) 22% of the revenue to be annually appropriated to the Department of Health for
55 tobacco prevention, reduction, cessation, and control programs;

56 (ii) 15% of the revenue to be annually appropriated to the University of Utah Health
57 Sciences Center for the Huntsman Cancer Institute for cancer research; and

58 (iii) 21% of the revenue to be annually appropriated to the University of Utah Health

59 Sciences Center for medical education at the University of Utah School of Medicine.

60 (e) Any balance remaining in the Cigarette Tax Restricted Account at the end of the
61 fiscal year shall be appropriated during the next fiscal year for the purposes set forth in
62 Subsections (5)(d)(i) through (5)(d)(iii) in proportion to the amount of revenue deposited into
63 the account for each purpose.

64 (f) The Legislature shall give particular consideration to appropriating any revenues
65 resulting from the change in tax rates under Subsection (2) adopted during the 2002 Annual
66 General Session and not otherwise appropriated pursuant to Subsection (5)(d) to enhance
67 Medicaid provider reimbursement rates and medical coverage for the uninsured.

68 (g) Any program or entity that receives funding under Subsection (5)(d) shall provide
69 an annual report to the Health and Human Services Interim Committee no later than September
70 1 of each year. The report shall include:

- 71 (i) the amount funded;
- 72 (ii) the amount expended;
- 73 (iii) a description of the effectiveness of the program; and
- 74 (iv) if the program is a tobacco cessation program, the report required in Section
75 51-9-203.

76 Section 2. **Effective date.**

77 This bill takes effect on July 1, 2009.

Legislative Review Note
as of 9-23-08 11:39 AM

Office of Legislative Research and General Counsel

H.B. 219 - Tobacco Tax Increase

Fiscal Note

2009 General Session
State of Utah

State Impact

Enactment of this bill will increase revenues to the General Fund by \$40,100,000 in FY 2010 and \$41,700,000 in FY 2011.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
General Fund	\$0	\$0	\$0	\$0	\$40,100,000	\$41,700,000
Total	\$0	\$0	\$0	\$0	\$40,100,000	\$41,700,000

Individual, Business and/or Local Impact

Local government sales tax revenue will increase by a total of \$40,000. Businesses dealing in tobacco products will experience a decrease in revenue of \$9,000,000. Individuals will see the average price per pack increase by \$1.00.