



UTAH STATE SENATE

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February 25, 2004

Mr. President:

The Transportation and Public Utilities and Technology Committee reports a favorable recommendation on **H.B. 244**, AMENDMENTS TO ASSET TESTING FOR MEDICAID, by Representative D. Hogue, with the following amendments:

1. Page 1, Line 1: After "TO" insert "AND FUNDING FOR"
2. Page 1, Line 11: After "guidelines" insert "and funds the removal of the asset test"
3. Page 1, Line 16: After "eligibility" delete "." and insert "; and
▶ increases the cigarette tax by 4 cents a pack."
4. Page 1, Line 21: After line 21 insert:
"AMENDS:
59-14-204, as last amended by Chapter 248, Laws of Utah 2002"
5. Page 2, Line 33: After line 33 insert:
"Section 2. Section **59-14-204** is amended to read:
59-14-204. Tax basis -- Rate -- Future increase -- Restricted account -- Use of revenues.
(1) Except for cigarettes described under Section 59-14-210, there is levied a tax upon the sale, use, or storage of cigarettes in the state.
(2) The rates of the tax levied under Subsection (1) are:
(a) [~~3.475~~] 3.675 cents on each cigarette, for all cigarettes weighing not more than three pounds per thousand cigarettes; and
(b) [~~4.075~~] 4.275 cents on each cigarette, for all cigarettes weighing in excess of three pounds per thousand cigarettes.

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- (3) The tax levied under Subsection (1) shall be paid by the manufacturer, jobber, distributor, wholesaler, retailer, user, or consumer.
- (4) The tax rates specified in this section shall be increased by the commission by the same amount as any future reduction in the federal excise tax on cigarettes.
- (5) (a) There is created within the General Fund a restricted account known as the "Cigarette Tax Restricted Account."
(b) Beginning on July 1, 1998, \$250,000 of the revenues generated by the increase in the cigarette tax under this section enacted during the 1997 Annual General Session shall be annually deposited into the account.
(c) The Department of Health shall expend the funds deposited in the account under Subsection (5)(b) for a tobacco prevention and control media campaign targeted towards children.
(d) The following revenue generated from the tax increase imposed under Subsection (1) during the 2002 General Session shall be deposited in the Cigarette Tax Restricted Account:
(i) 22% of the revenue to be annually appropriated to the Department of Health for tobacco prevention, reduction, cessation, and control programs;
(ii) 15% of the revenue to be annually appropriated to the University of Utah Health Sciences Center for the Huntsman Cancer Institute for cancer research; and
(iii) 21% of the revenue to be annually appropriated to the University of Utah Health Sciences Center for medical education at the University of Utah School of Medicine.
(e) Any balance remaining in the Cigarette Tax Restricted Account at the end of the fiscal year shall be appropriated during the next fiscal year for the purposes set forth in Subsections (5)(d)(i) through (5)(d)(iii) in proportion to the amount of revenue deposited into the account for each purpose.
(f) The Legislature shall give particular consideration to appropriating any revenues resulting from the change in tax rates under Subsection (2) adopted during the 2002 Annual General Session and not otherwise appropriated pursuant to Subsection (5)(d) to enhance Medicaid provider reimbursement rates and medical coverage for the uninsured.

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

The report shall include:

- (i) the amount funded;
- (ii) the amount expended;
- (iii) a description of the effectiveness of the program; and
- (iv) if the program is a tobacco cessation program, the report required in Section 63-97-401.

(h) The revenue generated from the tax increase imposed under Subsection (1) during the 2004 General Session shall be deposited into the Cigarette Tax Restricted Account and shall be annually appropriated to the Department of Health for the purpose of eliminating the Medicaid asset test in compliance with Section 26-18-3.2."

Respectfully,

Sheldon L Killpack
Committee Chair

Voting: 4-2-2

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