



House of Representatives *State of Utah*

UTAH STATE CAPITOL COMPLEX • 350 STATE CAPITOL
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February 12, 2010

Mr. Speaker:

The Health and Human Services Committee reports a favorable recommendation on **H.B. 196**, TOBACCO TAX REVISIONS, by Representative P. Ray, with the following amendments:

1. *Page 1, Line 14 through Page 2, Line 30:*

- 14 ▶ increases the tax rate for the sale, use, storage, or distribution of tobacco
products in
- 15 the state, for the 2010-11 fiscal year, as follows:
- 16 • for cigarettes weighing not more than three pounds per thousand cigarettes,
17 from 3.475 cents per cigarette to ~~{-6.55}~~ 8.5 cents per cigarette;
- 18 • for cigarettes weighing in excess of three pounds per thousand cigarettes,
from
- 19 4.075 cents per cigarette to ~~{-7.68}~~ 9.963 cents per cigarette;
- 20 • for tobacco products, except moist snuff, from 35% to 66% of the
21 manufacturer's sales price; and
- 22 • for moist snuff, from \$.75 to \$1.41 per ounce;
- 23 ▶ sets the tax rate for the sale, use, storage, or distribution of tobacco products in
the
- 24 state, for each third year after the 2010-11 fiscal year, as follows:
- 25 • for cigarettes weighing not more than three pounds per thousand cigarettes,
at ~~{-one-tenth}~~ the greater of the rate for the preceding state
fiscal year or one-half
- 26 of one cent above the national average rate, excluding certain tobacco
27 producing states;
- 28 • for cigarettes weighing in excess of three pounds per thousand cigarettes, at
a
- 29 rate that is ~~{-1.173}~~ 1.409 times higher than the rate described in the preceding
30 paragraph;

2. *Page 2, Lines 36 through 37:*

- 36 ▶ allocates, on an annual basis, ~~{-\$1,000,000}~~ \$250,000 of the funds

Bill Number



HB0196

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generated by the tax increase
37 in this bill to the Department of Health for the Gold Medal Schools Program; and

3. *Page 2, Line 55 through Page 3, Line 76:*

55 (2) The rates of the tax levied under Subsection (1) are:
56 (a) beginning on July 1, 2010, and ending on June 30, 2011:
57 [~~(a) 3.475~~] (i) ~~{-6.55}~~ 8.5 cents on each cigarette, for all cigarettes weighing
not more than
58 three pounds per thousand cigarettes; and
59 [~~(b) 4.075~~] (ii) ~~{-7.68}~~ 9.963 cents on each cigarette, for all cigarettes
weighing in excess of
60 three pounds per thousand cigarettes[-];
61 (b) beginning on July 1 of ~~{each}~~ every third state fiscal year after the
2010-11 fiscal year, for all
62 cigarettes weighing not more than three pounds per thousand cigarettes, ~~{as calculated~~
under
63 ~~Subsection (3)}~~ the greater of:
(i) the rate for the preceding state fiscal year; or
(ii) the rate calculated under Subsection (3) ; and
64 (c) beginning on July 1 of ~~{each}~~ every third state fiscal year after the
2010-11 fiscal year, for all
65 cigarettes weighing in excess of three pounds per thousand cigarettes, calculated by:
66 (i) multiplying the rate that is calculated under Subsection (3) by
{1.173} 1.409 ; and
67 (ii) rounding the product of the calculation described in Subsection (2)(c)(i) to the
68 nearest thousandth of one cent.
69 (3) ~~{Beginning in 2011, on}~~ On or before April 1 of ~~{each~~
year} 2013, and on or before April 1 of each third year after 2013, the tax
commission shall
70 calculate the tax rate described in Subsection (2)(b) by:
71 (a) determining the sum of the state tax rates, as the rates were on January 1 of that
72 year, for the cigarettes described in Subsection (2)(b), for each state of the United States,
73 except Georgia, Kentucky, North Carolina, South Carolina, Tennessee, and Virginia;



74 (b) dividing the sum described in Subsection (3)(a) by 44 and rounding the result to
the
75 nearest thousandth of one cent; and
76 (c) adding ~~{one-tenth}~~ **one-half** of one cent to the rounded amount
described in Subsection (3)(b).

4. *Page 4, Lines 99 through 101:*

99 (e) ~~{One million}~~ **S250,000** dollars of the revenue generated from the tax
increase imposed under
100 this section during the ~~{2009}~~ **2010** General Session shall be annually
appropriated to the Department
101 of Health for use in the Gold Medal Schools program.

Respectfully,

Paul Ray
Committee Chair

Voting: 5-2-0

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