

H. B. 2729

(By Delegates Perdue, Hatfield, Marshall,  
Michael and Moore)

[Introduced January 21, 2011; referred to the  
Committee on Health and Human Resources then Finance.]

**FISCAL  
NOTE**

A BILL to amend and reenact §11-17-3 of the Code of West Virginia,  
1931, as amended, relating generally to raising the excise tax  
on cigarettes and all other tobacco products and establishing  
a special revenue account.

*Be it enacted by the Legislature of West Virginia:*

That §11-17-3 of the Code of West Virginia, 1931, as amended,  
be amended and reenacted to read as follows:

**ARTICLE 17. CIGARETTE TAX ACT.**

**§11-17-3. Levy of tax; ratio; dedication of proceeds.**

(a) *Tax on cigarettes.* -- ~~For the purpose of providing revenue  
for the General Revenue Fund of the state,~~ An excise tax is hereby  
levied and imposed on sales of cigarettes at the rate of ~~fifty-five~~  
~~cents~~ \$1.25 on each twenty cigarettes or in like ratio on any part  
thereof. Only one sale of the same article shall be used in  
computing the amount of tax due under this subsection.

(b) *Tax on tobacco products other than cigarettes.* --

1 ~~Effective the first day of January, two thousand two,~~ An excise  
2 tax is hereby levied and imposed on the sale or use of, other than  
3 cigarettes, tobacco products at a rate equal to ~~seven~~ fourteen  
4 percent of the wholesale price of each article or item of tobacco  
5 product other than cigarettes sold by the wholesaler or subjobber  
6 dealer, whether or not sold at wholesale, or if not sold, then at  
7 the same rate upon the use by the wholesaler or dealer. Only one  
8 sale of the same article shall be used in computing the amount of  
9 tax due under this subsection. ~~Revenues received from this tax~~  
10 ~~shall be deposited into the General Revenue Fund.~~

11 (c) *Effective date.* -- The changes set forth herein to this  
12 section and section four of this article shall become effective ~~the~~  
13 ~~first day of May two thousand three~~ July 1, 2011.

14 (d) One half of all moneys collected pursuant to this section  
15 shall be deposited in a special account in the State Treasury to be  
16 known as the "Governors Office of Health Enhancement and Lifestyle  
17 Planning Fund". Expenditures from the fund shall be for the  
18 purposes set forth in section one, article sixteen-e, chapter  
19 thirty-three of this code and are not authorized from collections  
20 but are to be made only in accordance with appropriation by the  
21 Legislature and in accordance with the provisions of article two,  
22 chapter eleven-b of this code: *Provided*, That for the fiscal year  
23 ending June 30, 2010, expenditures are authorized from collections

1 rather than pursuant to appropriation by the Legislature. The  
2 remaining one half of the collection not placed in this special  
3 account shall be deposited in the General Revenue Fund.

NOTE: The purpose of this bill is to raise the cigarette tax to the national average, to raise the tax on other tobacco products to fourteen percent of their wholesale price and to establish a special revenue account to fund the Governor's Office of Health System Improvement. This bill was recommended for passage during the 2009 Regular Session by Select Committee D on Health.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.