

**Senate Bill No. 362**

(By Senators Prezioso, Foster, McCabe and Kessler (Acting  
President))

[Introduced January 31, 2011; referred to the Committee on Health  
and Human Resources; and then to the Committee on Finance.]

A BILL to amend and reenact §11-17-3 of the Code of West Virginia,  
1931, as amended, relating to increasing the excise tax on  
cigarettes and all other tobacco products; establishing a  
special revenue account; and designating where the additional  
revenues are to be transferred.

*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; funds.**

(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~~

1 ~~cents~~ \$1.55 on each twenty cigarettes or in like ratio on any part  
2 thereof. Only one sale of the same article shall be used in  
3 computing the amount of tax due under this subsection.

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

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

18 (d) One half of all moneys collected pursuant to this section,  
19 up to an annual amount of \$60 million, shall be deposited in a  
20 special account in the State Treasury to be known as the "West  
21 Virginia Healthy Future Fund". Expenditures from the fund shall be  
22 made annually to the Department of Health and Human Resources in  
23 the amount of \$27 million for implementation of comprehensive  
24 tobacco prevention and cessation programming in compliance with the

1 Centers for Disease Control and Prevention's Best Practices for  
2 Tobacco Control and Prevention. Any additional moneys in the fund  
3 are to be expended by annual appropriation by the Legislature:  
4 Provided, That these funds are to be solely used for public health,  
5 substance abuse programs or healthcare. The remaining one half of  
6 the collections not transferred into this special account shall be  
7 deposited in the General Revenue Fund.

NOTE: The purpose of the bill is to increase the excise tax on cigarettes by \$1.00 per pack; The bill increases the excise tax on all other tobacco products from seven percent of their wholesale prices to fifty percent. The bill also establishes a special revenue account and designates where the additional revenues are to be transferred, with half the proceeds to certain health related issues and the other half to the General Revenue Fund.

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