

Senate Bill No. 531

(By Senators Kessler, Palumbo, Romano, Stollings and Unger)

[Introduced February 20, 2015; referred to the Committee on Finance.]

**FISCAL
NOTE**

A BILL to amend and reenact §11-17-3 of the Code of West Virginia, 1931, as amended, relating to incrementally increasing cigarette tax by a total of \$1 per pack in order to fund substance abuse and workforce development initiatives; setting forth timing of increases; and detailing how newly generated funds are to be distributed.

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. TOBACCO PRODUCTS EXCISE 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 55¢ on each twenty cigarettes or in like ratio on any part thereof. However, on July 1, 2015, the tax increases to \$1.05, on July 1, 2016, it shall increase to \$1.30 and on July 1, 2017, it shall be increased to \$1.55. Beginning July 1, 2015, the new revenue generated by these increases shall be

1 distributed pursuant to subsection (c) of this section. Only one sale of the same article shall be used
2 in computing the amount of tax due under this subsection.

3 (b) *Tax on tobacco products other than cigarettes.* — Effective January 1, 2002, an excise
4 tax is hereby levied and imposed on the sale or use of, other than cigarettes, tobacco products at a
5 rate equal to seven percent of the wholesale price of each article or item of tobacco product other
6 than cigarettes sold by the wholesaler or subjobber dealer, whether or not sold at wholesale, or if not
7 sold, then at the same rate upon the use by the wholesaler or dealer. Only one sale of the same article
8 shall be used in computing the amount of tax due under this subsection. Revenues received from
9 this tax shall be deposited into the General Revenue Fund.

10 ~~(e) *Effective date.* — The changes set forth herein to this section and section four of this~~
11 ~~article shall become effective May 1, 2003.~~

12 (c) Revenues generated by the increases in the cigarette tax contained in subsection (a) of this
13 section and made during the 2015 Legislative Session shall be distributed as follows:

14 (1) Between July 1, 2015, and June 30, 2016, the first \$10 million generated shall be devoted
15 to substance abuse treatment programs in the state, the second \$10 million generated shall be
16 devoted to workforce development initiatives, including post-high school training and certification
17 and free community college assistance programs, and any additional funds generated shall be
18 deposited into the General Revenue Fund.

19 (2) Between July 1, 2016, and June 30, 2017, the first \$15 million generated shall be devoted
20 to substance abuse treatment programs in the state, the second \$15 million generated shall be
21 devoted to workforce development initiatives, including post-high school training and certification

1 and free community college assistance programs, and any additional funds generated shall be
2 deposited into the General Revenue Fund.

3 (3) Each fiscal year starting on and after July 1, 2017, the first \$20 million generated shall
4 be devoted to substance abuse treatment programs in the state, the second \$20 million generated
5 shall be devoted to workforce development initiatives, including post-high school training and
6 certification and free community college assistance programs, and any additional funds generated
7 shall be deposited into the General Revenue Fund.

NOTE: The purpose of this bill is to increase the cigarette tax incrementally by a total of \$1 per pack in order to fund substance abuse and workforce development initiatives. The bill sets forth timing of increases. The bill details how the newly generated funds are to be distributed.

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