

# **WEST VIRGINIA LEGISLATURE**

## **2018 REGULAR SESSION**

**Introduced**

### **House Bill 4537**

**FISCAL  
NOTE**

BY DELEGATE ROWE

[Introduced February 13, 2018; Referred  
to the Committee on Health and Human Resources  
then Finance.]

1 A BILL to amend and reenact §11-17-3 of the Code of West Virginia, 1931, as amended, relating  
2 to increasing the tobacco products excise tax; and requiring that the increased revenue  
3 be used by the Public Employees Insurance Agency to reduce employees premiums.

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

## **ARTICLE 17. TOBACCO PRODUCTS EXCISE TAX ACT.**

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

1 (a) *Tax on cigarettes and tobacco products other than cigarettes.* — For the purpose of  
2 providing revenue for the General Revenue Fund of the state, an excise tax is hereby levied and  
3 imposed on sales of cigarettes and tobacco products other than cigarettes.

4 (b) *Tax rate on cigarettes.* — Effective May 1, 2003, the excise tax rate levied and imposed  
5 on the sale of cigarettes is 55 cents on each 20 cigarettes or in like ratio on any part thereof:  
6 *Provided, That on and after ~~July 1, 2016~~ July 1, 2018, the excise tax rate levied and imposed on*  
7 *the sale of cigarettes is ~~\$1.20~~ \$1.55 on each 20 cigarettes or in like ratio on any part thereof. Only*  
8 *one sale of the same article shall be used in computing the amount of tax due under this*  
9 *subsection. All revenue collected in excess of \$1.20 on each 20 cigarettes or in like ratio on any*  
10 *part thereof shall be deposited in the Public Employees Insurance Agency Special Fund which is*  
11 *hereby created to be used solely to reduce employee and retiree health insurance premiums:*  
12 *Provided, That notwithstanding any other provision of law, payments from the special fund for the*  
13 *benefit of employees may not be subject to any adjustment.*

14 (c) *Tax on tobacco products other than cigarettes.* — Effective January 1, 2002, the excise  
15 tax levied and imposed on the sales or use of tobacco products other than cigarettes at the rate  
16 equal to seven percent of the wholesale price of each article or item of tobacco products other  
17 than cigarettes sold by the wholesaler or sub-jobber dealer, whether or not sold at wholesale, or  
18 if not sold, then at the same rate upon the use by the wholesaler or dealer: *Provided, That on and*  
19 *after ~~July 1, 2016~~ July 1, 2018, the excise tax rate levied and imposed on the sales or use of*

20 tobacco products other than cigarettes is at the rate equal to ~~twelve percent~~ 15.5 percent of the  
21 wholesale price of each article or item of tobacco products other than cigarettes sold by the  
22 wholesaler or sub-jobber dealer, whether or not sold at wholesale, or if not sold, then at the same  
23 rate upon the use by the wholesaler or dealer. Only one sale of the same article shall be used in  
24 computing the amount of tax due under this subsection. Revenues received from the first 12  
25 percent of this tax shall be deposited into the General Revenue Fund. All revenue collected in  
26 excess of 12 percent of this tax shall be deposited in the Public Employees Insurance Agency  
27 Special Fund created by this section to be used solely to reduce employee and retiree health  
28 insurance premiums: *Provided*, That notwithstanding any other provision of law, payments from  
29 the special fund for the benefit of employees may not be subject to any adjustment.

30 (d) *Effective date of amendments.* — Amendments to this section enacted in the year 2003  
31 apply in determining tax imposed under this article from May 1, 2003, through June 30, 2016.  
32 Amendments to this section enacted in the year 2016 apply in determining tax imposed under this  
33 article effective on and after July 1, 2016. Amendments to this section enacted in the year 2018  
34 apply in determining tax imposed under this article effective on and after July 1, 2018.

NOTE: The purpose of this bill is to increase the tobacco products excise tax with the increased revenue be used by the Public Employees Insurance Agency to reduce employees premiums.

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