

By: Griggs

H.B. No. 5

A BILL TO BE ENTITLED

1

AN ACT

2 relating to increases in the tax on cigarettes and other tobacco
3 products and to the allocation of those increases.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 154.021(b), Tax Code, is amended to read
6 as follows:

7 (b) The tax rates are:

8 (1) \$70.50 [~~\$20.50~~] per thousand on cigarettes
9 weighing three pounds or less per thousand; and

10 (2) the rate provided by Subdivision (1) plus \$2.10
11 per thousand on cigarettes weighing more than three pounds per
12 thousand.

13 SECTION 2. Section 154.603, Tax Code, is amended to read as
14 follows:

15 Sec. 154.603. DISPOSITION OF REVENUE. (a) After the
16 deductions for the purposes provided by Section 154.602 [~~of this~~
17 ~~code~~], the revenue remaining of the first \$2 of tax received per
18 1,000 cigarettes for cigarettes weighing three pounds or less per
19 thousand and the first \$4.10 per 1,000 cigarettes of the tax
20 received for cigarettes weighing more than three pounds per
21 thousand is allocated:

22 (1) 18.75 percent to the foundation school fund; and

23 (2) 81.25 percent to the general revenue fund.

24 (b) The revenue remaining after the deductions for the

1 purposes provided by Section 154.602 [~~of this code~~] and allocation
2 under Subsection (a) of the next \$18.50 of tax received per 1,000
3 cigarettes for cigarettes weighing three pounds or less per
4 thousand and the next \$18.50 per 1,000 cigarettes of the tax
5 received for cigarettes weighing more than three pounds per
6 thousand [~~this section~~] is allocated to the general revenue fund.

7 (c) The revenue remaining after the deductions for the
8 purposes provided by Section 154.602 and allocation under
9 Subsections (a) and (b) shall be deposited as follows:

10 (1) the next \$2.50 of tax received per 1,000
11 cigarettes weighing three pounds or less per thousand and the next
12 \$2.50 per 1,000 cigarettes of the tax received for cigarettes
13 weighing more than three pounds per thousand shall be deposited to
14 the credit of the tobacco cessation account in the general revenue
15 fund and may be appropriated only to the Texas Department of Health
16 to provide grants to one or more national nonprofit organizations
17 for programs to reduce the use of cigarettes and tobacco products in
18 this state; and

19 (2) the remaining revenue shall be deposited to the
20 foundation school fund.

21 SECTION 3. Section 155.021(b), Tax Code, is amended to read
22 as follows:

23 (b) The tax rates are:

24 (1) 3.44 cents [~~one cent~~] per 10 or fraction of 10 on
25 cigars weighing three pounds or less per thousand;

26 (2) \$25.80 [~~\$7.50~~] per thousand on cigars that:

27 (A) weigh more than three pounds per thousand;

1 and

2 (B) sell at factory list price, exclusive of any
3 trade discount, special discount, or deal, for 3.3 cents or less
4 each;

5 (3) \$37.84 [~~\$11~~] per thousand on cigars that:

6 (A) weigh more than three pounds per thousand;

7 (B) sell at factory list price, exclusive of any
8 trade discount, special discount, or deal, for more than 3.3 cents
9 each; and

10 (C) contain no substantial amount of nontobacco
11 ingredients; and

12 (4) \$51.60 [~~\$15~~] per thousand on cigars that:

13 (A) weigh more than three pounds per thousand;

14 (B) sell at factory list price, exclusive of any
15 trade discount, special discount, or deal, for more than 3.3 cents
16 each; and

17 (C) contain a substantial amount of nontobacco
18 ingredients.

19 SECTION 4. Section 155.0211(b), Tax Code, is amended to
20 read as follows:

21 (b) The tax rate for tobacco products other than cigars is
22 121 [~~35.213~~] percent of the manufacturer's list price, exclusive of
23 any trade discount, special discount, or deal.

24 SECTION 5. Section 155.241, Tax Code, is amended to read as
25 follows:

26 Sec. 155.241. ALLOCATION OF TAX. (a) Revenue collected
27 under this chapter at the following rates shall be deposited to the

1 credit of the general revenue fund:

2 (1) the revenue from the first one cent per 10 or
3 fraction of 10 on cigars weighing three pounds or less per thousand;

4 (2) the revenue from the first \$7.50 per thousand on
5 cigars that:

6 (A) weigh more than three pounds per thousand;
7 and

8 (B) sell at factory list price, exclusive of any
9 trade discount, special discount, or deal, for 3.3 cents or less
10 each;

11 (3) the revenue from the first \$11 per thousand on
12 cigars that:

13 (A) weigh more than three pounds per thousand;

14 (B) sell at factory list price, exclusive of any
15 trade discount, special discount, or deal, for more than 3.3 cents
16 each; and

17 (C) contain no substantial amount of nontobacco
18 ingredients;

19 (4) the revenue from the first \$15 per thousand on
20 cigars that:

21 (A) weigh more than three pounds per thousand;

22 (B) sell at factory list price, exclusive of any
23 trade discount, special discount, or deal, for more than 3.3 cents
24 each; and

25 (C) contain a substantial amount of nontobacco
26 ingredients; and

27 (5) the revenue from the tax on tobacco products other

1 than cigars imposed at the rate of 35.213 percent of the
2 manufacturer's list price, exclusive of any trade discount, special
3 discount, or deal.

4 (b) The revenue remaining after the allocation under
5 Subsection (a) shall be deposited to the credit of the foundation
6 school fund.

7 SECTION 6. This Act takes effect September 1, 2004.