

By: Uresti

H.B. No. 194

A BILL TO BE ENTITLED

AN ACT

relating to an increase in the cigarette tax and to the use of that increase for certain health and human services programs.

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

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

(b) The tax rates are:

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

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

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

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

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

(2) 81.25 percent to the general revenue fund.

(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 \$26 of tax received per 1,000  
3 cigarettes for cigarettes weighing three pounds or less per  
4 thousand and the next \$26 per 1,000 cigarettes of the tax received  
5 for cigarettes weighing more than three pounds per thousand [~~this~~  
6 ~~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 of tax received per 1,000 cigarettes  
11 for cigarettes weighing three pounds or less per thousand and the  
12 next \$5 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 State  
16 Health Services for programs to reduce the use of cigarettes and  
17 tobacco products by children in this state;

18 (2) the next \$2.50 of tax received per 1,000  
19 cigarettes for cigarettes weighing three pounds or less per  
20 thousand and the next \$2.50 per 1,000 cigarettes of the tax received  
21 for cigarettes weighing more than three pounds per thousand shall  
22 be deposited to the credit of the children's health care account in  
23 the general revenue fund and may be appropriated only to the Texas  
24 Department of State Health Services to provide immunizations for  
25 children and newborn hearing and screening services;

26 (3) the next \$1.50 of tax received per 1,000  
27 cigarettes for cigarettes weighing three pounds or less per

1 thousand and the next \$1.50 per 1,000 cigarettes of the tax received  
2 for cigarettes weighing more than three pounds per thousand shall  
3 be deposited to the credit of the Texas Department of State Health  
4 Services and Texas Department of Aging and Disability Services  
5 accounts in the general revenue fund and may be appropriated only to  
6 the Texas Department of State Health Services and Texas Department  
7 of Aging and Disability Services to provide community mental health  
8 and mental retardation services for children and respite care for  
9 children with developmental delay;

10 (4) the next \$1.50 of tax received per 1,000  
11 cigarettes for cigarettes weighing three pounds or less per  
12 thousand and the next \$1.50 per 1,000 cigarettes of the tax received  
13 for cigarettes weighing more than three pounds per thousand shall  
14 be deposited to the credit of the Texas Commission on Alcohol and  
15 Drug Abuse account in the general revenue fund and may be  
16 appropriated only to the Texas Commission on Alcohol and Drug Abuse  
17 to provide youth treatment prevention services and rehabilitative  
18 services for children;

19 (5) the next \$10 of tax received per 1,000 cigarettes  
20 for cigarettes weighing three pounds or less per thousand and the  
21 next \$10 per 1,000 cigarettes of the tax received for cigarettes  
22 weighing more than three pounds per thousand shall be deposited to  
23 the credit of the Texas Department of Family and Protective  
24 Services account in the general revenue fund and may be  
25 appropriated only to the Texas Department of Family and Protective  
26 Services to fund the entire exceptional items list for fiscal year  
27 2006-07;

1           (6) the next \$3 of tax received per 1,000 cigarettes  
2 for cigarettes weighing three pounds or less per thousand and the  
3 next \$3 per 1,000 cigarettes of the tax received for cigarettes  
4 weighing more than three pounds per thousand shall be deposited to  
5 the credit of the Texas Department of Family and Protective  
6 Services account in the general revenue fund and may be  
7 appropriated only to the Texas Department of Family and Protective  
8 Services to fund new investigative workers and new prevention and  
9 intervention services;

10           (7) the next \$12.50 of tax received per 1,000  
11 cigarettes for cigarettes weighing three pounds or less per  
12 thousand and the next \$12.50 per 1,000 cigarettes of the tax  
13 received for cigarettes weighing more than three pounds per  
14 thousand shall be deposited to the credit of the Texas Health and  
15 Human Services Commission account in the general revenue fund and  
16 may be appropriated only to the Texas Health and Human Services  
17 Commission to restore Medicaid adult services for mental health,  
18 podiatry, hearing aids and eyeglasses, restore Medicaid rates,  
19 restore 5% base reduction, maintain Children's Health Insurance  
20 Program caseload growth, Children's Health Insurance Program cost  
21 growth and restore rates, and restore Children's Health Insurance  
22 Program benefits;

23           (8) the next \$2.50 of tax received per 1,000  
24 cigarettes for cigarettes weighing three pounds or less per  
25 thousand and the next \$2.50 per 1,000 cigarettes of the tax received  
26 for cigarettes weighing more than three pounds per thousand shall  
27 be deposited to the credit of the Texas Department of Aging and

1 Disability Services account in the general revenue fund and may be  
2 appropriated only to the Texas Department of Aging and Disability  
3 Services to restore the five percent base reduction, restore rates  
4 to 2003 levels, and transfer/fund a guardianship program from the  
5 Texas Department of Family and Protective Services;

6 (9) the next \$5 of tax received per 1,000 cigarettes  
7 for cigarettes weighing three pounds or less per thousand and the  
8 next \$5 per 1,000 cigarettes of the tax received for cigarettes  
9 weighing more than three pounds per thousand shall be deposited to  
10 the credit of the Texas Department of State Health Services account  
11 in the general revenue fund and may be appropriated only to the  
12 Texas Department of State Health Services to restore five percent  
13 base reduction and to restore general revenue for substance abuse  
14 to 2003 levels;

15 (10) the remaining \$2 of tax received per 1,000  
16 cigarettes for cigarettes weighing three pounds or less per  
17 thousand and the next \$2 per 1,000 cigarettes of the tax received  
18 for cigarettes weighing more than three pounds per thousand shall  
19 be deposited to the credit of the Texas Health and Human Services  
20 Commission account in the general revenue fund and may be  
21 appropriated only to the Texas Health and Human Services Commission  
22 to partially restore medically needy Medicaid Program.

23 SECTION 3. This Act takes effect September 1, 2005.