

By: Alvarado

H.B. No. 2602

A BILL TO BE ENTITLED

AN ACT

relating to an increase in the cigarette tax and the enforcement and uses of the tax.

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) \$123 [~~\$70.50~~] 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 154.053(a), Tax Code, is amended to read as follows:

(a) The comptroller shall design and have printed or manufactured cigarette tax stamps. If the comptroller determines that it is necessary for the best enforcement of this chapter, the comptroller shall [~~may~~] change the design, color, [~~or~~] denomination, technology, or other feature of the stamps. The comptroller shall determine the quantity and the size, design, color, [~~or~~] denomination, technology, or other feature [~~and quantity~~] of stamps manufactured. The stamps shall be manufactured so that they may be easily and securely attached to an individual package of cigarettes. The comptroller may designate the method of

1 identification for the stamps and shall award the contract for the
2 printing or manufacturing to the person submitting the bid that
3 will give the best protection to the state in enforcing this
4 chapter.

5 SECTION 3. Section 154.054(a), Tax Code, is amended to read
6 as follows:

7 (a) The comptroller may redeem unused cigarette tax stamps
8 that were lawfully issued before a change in the stamps' design,
9 color, [~~or~~] denomination, technology, or other feature [~~change~~].

10 SECTION 4. Sections 154.058(a) and (d), Tax Code, are
11 amended to read as follows:

12 (a) On the effective date of a tax increase, each
13 distributor, wholesaler, and retailer who has 2,000 or more
14 cigarettes in packages stamped with stamps of an old design, color,
15 [~~or~~] denomination, technology, or other feature shall immediately
16 inventory the packages and any unused stamps of an old design,
17 color, [~~or~~] denomination, technology, or other feature and file a
18 report of the inventory with the comptroller.

19 (d) This section does not affect the date payment is due for
20 stamps of an old design, color, [~~or~~] denomination, technology, or
21 other feature if payment has not been made for the stamps on or
22 before the effective date of the tax increase.

23 SECTION 5. Section 154.6035, Tax Code, is amended to read as
24 follows:

25 Sec. 154.6035. ALLOCATION OF CERTAIN REVENUE TO PROPERTY
26 TAX RELIEF AND GENERAL REVENUE FUNDS [~~FUND~~]. (a) Notwithstanding
27 Section 154.603, all proceeds from the collection of taxes imposed

1 by this chapter attributable to the portion of the tax rate in
2 excess of \$20.50 per thousand on cigarettes, but not exceeding
3 \$70.50 per thousand, regardless of weight, shall be deposited to
4 the credit of the property tax relief fund under Section 403.109,
5 Government Code.

6 (b) Notwithstanding Section 154.603, all proceeds from the
7 collection of taxes attributable to the portion of the tax rate in
8 excess of \$70.50 per thousand on cigarettes, regardless of weight,
9 shall be deposited to the credit of the general revenue fund. Of
10 the amount deposited as provided by this subsection, \$2.50 per
11 thousand on cigarettes shall be deposited to the credit of an
12 account in the general revenue fund for the exclusive use of the
13 Office of Smoking and Health of the Department of State Health
14 Services.

15 SECTION 6. This Act takes effect September 1, 2011.