

# HOUSE BILL No. 1490

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-7-1.

**Synopsis:** Cigarette tax. Increases the cigarette tax by \$1 to \$1.995 per pack of regular size cigarettes (and a corresponding increase for larger cigarettes) and uses the additional revenue for reimbursements of Medicaid providers.

**Effective:** July 1, 2017; August 1, 2017.

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## Brown T, Brown C

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January 18, 2017, read first time and referred to Committee on Public Health.

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First Regular Session of the 120th General Assembly (2017)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

## HOUSE BILL No. 1490

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-7-1-0.4, AS ADDED BY P.L.220-2011,  
2 SECTION 161, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2017]: Sec. 0.4. **(a)** Notwithstanding section 14  
4 of this chapter, revenue stamps paid for before July 1, 2007, and in the  
5 possession of a distributor may be used after June 30, 2007, only if the  
6 full amount of the tax imposed by section 12 of this chapter, as  
7 effective after June 30, 2007, and as amended by P.L.218-2007, is  
8 remitted to the department under the procedures prescribed by the  
9 department.

10 **(b) Notwithstanding section 14 of this chapter, revenue stamps**  
11 **paid for before July 1, 2017, and in the possession of a distributor**  
12 **may be used after June 30, 2017, only if the full amount of the tax**  
13 **imposed by section 12 of this chapter, as amended and effective**  
14 **after June 30, 2017, is remitted to the department under the**  
15 **procedures prescribed by the department.**

16 SECTION 2. IC 6-7-1-12, AS AMENDED BY P.L.191-2016,  
17 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2017]: Sec. 12. The following taxes are imposed, and shall be  
 2 collected and paid as provided in this chapter, upon the sale, exchange,  
 3 bartering, furnishing, giving away, or otherwise disposing of cigarettes  
 4 within the state of Indiana:

5 (1) On cigarettes weighing not more than three (3) pounds per  
 6 thousand (1,000), a tax at the rate of ~~four and nine hundred~~  
 7 ~~seventy-five thousandths cents (\$0.04975)~~ **nine and nine**  
 8 **hundred seventy-five thousandths cents (\$0.09975)** per  
 9 individual cigarette.

10 (2) On cigarettes weighing more than three (3) pounds per  
 11 thousand (1,000), a tax at the rate of ~~six and six hundred twelve~~  
 12 ~~thousandths cents (\$0.06612)~~ **thirteen and two hundred**  
 13 **fifty-seven thousandths cents (\$0.13257)** per individual  
 14 cigarette, except that if any cigarettes weighing more than three  
 15 (3) pounds per thousand (1,000) shall be more than six and  
 16 one-half (6 1/2) inches in length, they shall be taxable at the rate  
 17 provided in subdivision (1), counting each two and three-fourths  
 18 (2 3/4) inches (or fraction thereof) as a separate cigarette.

19 SECTION 3. IC 6-7-1-28.1, AS AMENDED BY P.L.213-2015,  
 20 SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 AUGUST 1, 2017]: Sec. 28.1. The taxes, registration fees, fines, or  
 22 penalties collected under this chapter shall be deposited in the  
 23 following manner:

24 (1) ~~Four and twenty-two hundredths percent (4.22%)~~ **Two and**  
 25 **forty-two hundredths percent (2.42%)** of the money shall be  
 26 deposited in a fund to be known as the cigarette tax fund.

27 (2) ~~Six-tenths percent (0.6%)~~ **Thirty-four hundredths percent**  
 28 **(0.34%)** of the money shall be deposited in a fund to be known as  
 29 the mental health centers fund.

30 (3) ~~The following amount~~ **Thirty-two and twenty-three**  
 31 **hundredths percent (32.23%)** of the money shall be deposited  
 32 in the state general fund.

33 (A) ~~After June 30, 2011, and before July 1, 2013, sixty and~~  
 34 ~~twenty-four hundredths percent (60.24%):~~

35 (B) ~~After June 30, 2013, fifty-six and twenty-four hundredths~~  
 36 ~~percent (56.24%):~~

37 (4) ~~Five and forty-three hundredths percent (5.43%)~~ **Three and**  
 38 **eleven hundredths percent (3.11%)** of the money shall be  
 39 deposited into the pension relief fund established in IC 5-10.3-11.

40 (5) ~~Twenty-seven and five hundredths percent (27.05%)~~ **Fifteen**  
 41 **and five tenths percent (15.5%)** of the money shall be deposited  
 42 in the healthy Indiana plan trust fund established by



1 IC 12-15-44.2-17.  
 2 ~~(6) Two and forty-six hundredths percent (2.46%)~~ **Forty-four**  
 3 **and eleven hundredths percent (44.11%)** of the money shall be  
 4 deposited in the state general fund for the purpose of paying  
 5 appropriations for Medicaid—Current Obligations, for provider  
 6 reimbursements.  
 7 ~~(7) The following amount~~ **Two and twenty-nine hundredths**  
 8 **percent (2.29%)** of the money shall be deposited in the state  
 9 retiree health benefit trust fund established by IC 5-10-8-8.5. as  
 10 follows:  
 11 (A) ~~Before July 1, 2011, five and seventy-four hundredths~~  
 12 ~~percent (5.74%);~~  
 13 (B) ~~After June 30, 2011, and before July 1, 2013, zero percent~~  
 14 ~~(0%);~~  
 15 (C) ~~After June 30, 2013, four percent (4%);~~  
 16 The money in the cigarette tax fund, the mental health centers fund, the  
 17 healthy Indiana plan trust fund, or the pension relief fund at the end of  
 18 a fiscal year does not revert to the state general fund. However, if in  
 19 any fiscal year, the amount allocated to a fund under subdivision (1) or  
 20 (2) is less than the amount received in fiscal year 1977, then that fund  
 21 shall be credited with the difference between the amount allocated and  
 22 the amount received in fiscal year 1977, and the allocation for the fiscal  
 23 year to the fund under subdivision (3) shall be reduced by the amount  
 24 of that difference. Money deposited under subdivisions (6) through (7)  
 25 may not be used for any purpose other than the purpose stated in the  
 26 subdivision.

