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## DIGEST

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Ritchie

HB No. 417

**Abstract:** Increases the tax on cigars, cigarettes, smoking tobacco, and smokeless tobacco and dedicates the revenue from the tax increase.

Present law provides for the levy of a tax upon the sale, use, consumption, handling, or distribution of all cigars, cigarettes, and smoking and smokeless tobacco in La.

Present law provides that the rate of the tax for cigars invoiced by the manufacturer at \$120 per thousand or less shall be 8% of the invoice price and the rate of the tax for cigars invoiced by the manufacturer at more than \$120 per 1,000 shall be 20% of the invoice price.

Proposed law increases the tax on cigars invoiced by the manufacturer at \$120 per 1,000 or less from 8% of the invoice price to 68% of the invoice price and increases the tax for cigars invoiced by the manufacturer at more than \$120 per 1,000 from 20% of the invoice price to 68% of the invoice price.

Present law levies a tax on cigarettes at the rate of 36¢ per pack.

Proposed law increases the tax on cigarettes from 36¢ per pack to \$1.41 per pack.

Present law provides that the rate of the tax for smoking tobacco shall be 33% of the invoice price.

Proposed law increases the tax on smoking tobacco from 33% of the invoice price to 68% of the invoice price.

Present law provides that the rate of the tax on smokeless tobacco shall be 20% of the invoice price.

Proposed law increases the tax on smokeless tobacco from 20% of the invoice price to 68% of the invoice price.

Present law provides for the establishment of the Tobacco Regulation Enforcement Fund to support enforcement activities of the office of alcohol and tobacco control. Requires the state treasurer to annually deposit an amount equal to the avails of one-quarter of one-twentieth of one cent per cigarette from the tax on cigarettes into the fund for purposes of tobacco regulation enforcement.

Proposed law retains present law.

Proposed law creates a special fund within the state treasury to be called the "Louisiana Healthier Families Fund" in which the state treasurer shall annually deposit an amount equal to the avails of the additional tax on cigarettes, an amount equal to 60% of the tax imposed on cigars invoiced by the manufacturer at \$120 per 1,000 or less, an amount equal to 48% of the tax imposed on cigars invoiced by the manufacturer at more than \$120 per 1,000 and smokeless tobacco, and an amount equal to 35% of the tax imposed on smoking tobacco.

Proposed law requires the monies appropriated from the fund to be used solely for the following purposes in the following amounts:

- (1) 52% to be deposited into the La. Medical Assistance Trust Fund to provide funding for the La. Medicaid Program.
- (2) 10% to provide payments against the unfunded accrued liability of the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana, which shall be in addition to any payments required for the annual amortization of the unfunded accrued liability of the public retirement systems.
- (3) 5% to provide funding for the office of state police, Department of Public Safety and Corrections.
- (4) 5% to provide funding for the office of addictive disorders within DHH for expenditure on activities related to smoking cessation and prevention.
- (5) 5% to provide funding for the office of mental health within DHH for expenditure on activities related to smoking cessation and prevention.
- (6) 5% to provide funding to the LSU Board of Supervisors for the LSU Health Sciences Center in Shreveport, for expenditure on activities related to cancer research or smoking cessation and prevention.
- (7) 5% to provide funding to the LSU Board of Supervisors for the Pennington Biomedical Research Center, for expenditure on cancer research activities.
- (8) 3% to provide funding to the LSU Board of Supervisors for the Greater New Orleans Biosciences Economic Development District, for expenditure on activities related to cancer research or smoking cessation and prevention.
- (9) 3% to provide funding to the LSU Board of Supervisors for the Louisiana Cancer Research Consortium.
- (10) 3% to provide funding to the LSU Board of Supervisors for the University Health Sciences Center in New Orleans, for expenditure only on activities related to cancer

research or smoking cessation and prevention.

- (11) 2% to provide funding for the office of public health within DHH for school-based health centers, for expenditure on activities related to smoking cessation and prevention.
- (12) 2% to provide funding to the Southern University Board of Supervisors for Southern University for smoking cessation and tobacco prevention programs.

Proposed law prohibits any amounts appropriated as required by proposed law from displacing, replacing, or supplanting appropriations from the state general fund for DHH, the LSU Board of Supervisors, or the Southern University Board of Supervisors. Further provides that no appropriation for any fiscal year from the La. Healthier Families Fund shall be made for any purpose for which a general fund appropriation was made in the previous year unless the total appropriations for the fiscal year from the state general fund for such purpose exceed general fund appropriations for the previous year.

Proposed law requires all entities or agencies receiving appropriations from the fund to report to the legislature, no less than 30 days prior to the commencement of each regular session, describing the expenditure of such monies.

Effective Jan. 1, 2014.

(Amends R.S. 47:841(A), (C), and (E); Adds R.S. 47:841(B)(6) and 841.2)