



2005 SENATE BILL 211

May 19, 2005 - Introduced by Senators ROESSLER, JAUCH, RISSER and MILLER, cosponsored by Representatives HINES, GIELOW, AINSWORTH, OWENS, BOYLE, WASSERMAN, KREIBICH, GOTTLIEB, OTT, BERCEAU, JESKEWITZ and BIES. Referred to Committee on Health, Children, Families, Aging and Long Term Care.

1 **AN ACT to amend** 139.31 (1) (a), 139.31 (1) (b), 139.76 (1) and 139.78 (1); and **to**
2 **create** 139.455 and 139.865 of the statutes; **relating to:** increasing the tax
3 rates on the sale of cigarettes and chewing tobacco and using revenue from the
4 increased tax rates for tobacco use control grants and the Medical Assistance
5 trust fund.

Analysis by the Legislative Reference Bureau

This bill increases the cigarette tax rate by \$1, from 77 cents per pack to \$1.77 per pack. The bill also increases the tobacco products tax rate on the sale of chewing tobacco from 25 percent of the manufacturer's list price to 57 percent of the list price. Under the bill, the first \$15,000,000 of the cigarette taxes collected in each fiscal year will be used to pay for tobacco use control grants. In addition, each fiscal year the Department of Revenue deposits an amount equal to the increased tax rates on the sale of cigarettes and chewing tobacco into the Medical Assistance trust fund.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

6 **SECTION 1.** 139.31 (1) (a) of the statutes is amended to read:

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1 139.31 (1) (a) On cigarettes weighing not more than 3 pounds per thousand,
2 ~~38.5~~ 88.5 mills on each cigarette.

3 **SECTION 2.** 139.31 (1) (b) of the statutes is amended to read:

4 139.31 (1) (b) On cigarettes weighing more than 3 pounds per thousand, ~~77~~ 177
5 mills on each cigarette.

6 **SECTION 3.** 139.455 of the statutes is created to read:

7 **139.455 Revenue distribution. (1)** Each fiscal year, beginning in fiscal year
8 2006-07, the first \$15,000,000 of the taxes collected under this subchapter shall be
9 credited to the appropriation account under s. 20.435 (5) (fm).

10 **(2)** Each fiscal year, beginning in fiscal year 2006-07, the department shall
11 deposit an amount equal to 50 mills on cigarettes weighing not more than 3 pounds
12 per thousand and 100 mills on cigarettes weighing more than 3 pounds per thousand,
13 less \$15,000,000, into the Medical Assistance trust fund.

14 **SECTION 4.** 139.76 (1) of the statutes is amended to read:

15 139.76 (1) An excise tax is imposed upon the sale, offering or exposing for sale,
16 possession with intent to sell or removal for consumption or sale or other disposition
17 for any purpose of tobacco products by any person engaged as a distributor of them
18 at the rate of ~~25%~~ 25 percent, or 57 percent in the case of chewing tobacco, of the
19 manufacturer's established list price to distributors without diminution by volume
20 or other discounts on domestic products. On products imported from another country
21 the rate of tax is ~~25%~~ 25 percent, or 57 percent in the case of chewing tobacco, of the
22 amount obtained by adding the manufacturer's list price to the federal tax, duties
23 and transportation costs to the United States. The tax attaches at the time the
24 tobacco products are received by the distributor in this state. The tax shall be passed
25 on to the ultimate consumer of the tobacco products. All tobacco products received

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1 in this state for sale or distribution within this state, except tobacco products actually
2 sold as provided in sub. (2), shall be subject to such tax.

3 **SECTION 5.** 139.78 (1) of the statutes is amended to read:

4 139.78 (1) A tax is imposed upon the use or storage by consumers of tobacco
5 products in this state at the rate of ~~25%~~ 25 percent, or 57 percent in the case of
6 chewing tobacco, of the cost of the tobacco products. The tax does not apply if the tax
7 imposed by s. 139.76 (1) on the tobacco products has been paid or if the tobacco
8 products are exempt from the tobacco products tax under s. 139.76 (2).

9 **SECTION 6.** 139.865 of the statutes is created to read:

10 **139.865 Revenue distribution.** Each fiscal year, beginning in fiscal year
11 2006-07, the department shall deposit an amount equal to 57 percent of the tax
12 imposed under this subchapter on the sale of chewing tobacco into the Medical
13 Assistance trust fund.

14 **SECTION 7. Appropriation changes.**

15 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation
16 to the department of health and family services under section 20.435 (5) (fm) of the
17 statutes, as affected by the acts of 2005, the dollar amount is increased by
18 \$15,000,000 for fiscal year 2006-07 for the purposes for which the appropriation is
19 made.

20 **SECTION 8. Effective date.**

21 (1) This act takes effect on January 1, 2006.

22 (END)