

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

5 AMENDED--NOT PRINTED IN THE HOUSE

6 Amt. No.10A (Doc. Path council\ms\7821ahb10)

7 April 21, 2010

H. 3584

11 Introduced by Reps. Harrell, Bingham, Cooper, Harrison, Owens,
12 Sandifer, White, Crawford, Bannister, Huggins, Sottile, Spires,
13 Herbkersman, Loftis, Bowen, Erickson, Daning, Hardwick,
14 J.R. Smith, Pinson, Toole, Brady, Clemmons, Edge, Forrester,
15 Frye, Gullick, Hearn, Hiott, Horne, Kelly, Littlejohn, Long,
16 E.H. Pitts, Rice, Skelton, D.C. Smith, G.M. Smith, Whitmire,
17 Wylie, Gunn, Limehouse, Willis, J.E. Smith and Bales

19 S. Printed 4/14/10--S.

20 Read the first time April 14, 2009.

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9 **A BILL**

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11 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,
12 1976, BY ADDING SECTION 1221625 SO AS TO IMPOSE A
13 SURTAX ON EACH CIGARETTE IN AN AMOUNT OF TWO
14 AND ONEHALF CENTS, PROVIDE FOR THE CREDITING OF
15 THE REVENUE FROM THE SURTAX TO THE SMOKING
16 PREVENTION AND CESSATION TRUST FUND, THE
17 DEPARTMENT OF AGRICULTURE FOR MARKETING AND
18 BRANDING STATEGROWN CROPS AND TO ASSIST IN
19 RELIEF FROM NATURAL DISASTERS AFFECTING STATE-
20 GROWN CROPS, THE SOUTH CAROLINA HEALTHY
21 FAMILIES INSURANCE TRUST FUND, AND THE
22 PALMETTO HEALTH CARE SAFETY NET TRUST FUND,
23 PROVIDE FOR REPORTING, PAYMENT, COLLECTION, AND
24 ENFORCEMENT OF THE SURTAX, AND DEFINE
25 "CIGARETTE"; TO AMEND SECTION 1221620, RELATING
26 TO THE ORIGINAL CIGARETTE TAX, SO AS TO CONFORM
27 DEFINITIONS; BY ADDING SECTION 1111230 SO AS TO
28 CREATE AND ESTABLISH IN THE STATE TREASURY THE
29 SMOKING PREVENTION AND CESSATION TRUST FUND,
30 THE SOUTH CAROLINA HEALTHY FAMILIES INSURANCE
31 TRUST FUND, AND THE PALMETTO HEALTH CARE
32 SAFETY NET TRUST FUND, ALL SO AS TO RECEIVE
33 DEPOSITS OF THE REVENUES FROM THE CIGARETTE
34 SURTAX AS SPECIFIED; BY ADDING CHAPTER 62 TO
35 TITLE 38 SO AS TO CREATE AND ESTABLISH THE SOUTH
36 CAROLINA HEALTHY FAMILIES INSURANCE PLAN,
37 PROVIDING FOR A PREMIUM CREDIT NOT TO EXCEED
38 THREE THOUSAND DOLLARS TO AN ELIGIBLE
39 INDIVIDUAL OR EMPLOYER TOWARD THE PURCHASE OF
40 A QUALIFYING HEALTH INSURANCE PLAN, DESCRIBING
41 ELIGIBILITY REQUIREMENTS AND THE CERTIFICATION
42 PROCESS, DEFINING THE QUALIFYING INDIVIDUALLY

1 OR EMPLOYERSPONSORED INSURANCE PLANS, AND
2 PROVIDING FOR ADMINISTRATION AND REPORTING BY
3 THE DEPARTMENT OF INSURANCE; AND BY ADDING
4 SECTION 387475 SO AS TO CREATE THE PALMETTO
5 HEALTH CARE SAFETY NET PROGRAM, ESTABLISHING A
6 SELFSUSTAINING AND FINANCIALLY INDEPENDENT
7 PORTION OF THE PREMIUM ASSISTANCE POOL, AND
8 PROVIDING FOR ELIGIBILITY REQUIREMENTS,
9 ADMINISTRATION, AND REPORTING BY THE
10 DEPARTMENT OF INSURANCE AND OPERATING
11 GUIDELINES.

12 Amend Title To Conform

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14 Be it enacted by the General Assembly of the State of South
15 Carolina:

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17 SECTION 1. Article 5, Chapter 21, Title 12 of the 1976 Code is
18 amended by adding:

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20 “Section 1221625. (A) Effective July 1, 2010, there is imposed
21 a surtax on cigarettes subject to the tax imposed pursuant to
22 Section 1221620(1) in an amount equal to two and onehalf cents
23 on each cigarette.

24 (B) Notwithstanding another provision of law providing for the
25 crediting of the revenues of license or other taxes, the revenue of
26 the surtax imposed pursuant to this section must be credited as
27 follows:

28 (1) five million dollars annually to the Medical University of
29 South Carolina Hollings Cancer Center to be used for
30 tobacco-related cancer research;

31 (2) five million dollars annually to the Smoking Prevention
32 and Cessation Trust Fund created pursuant to Section 1111230(A);

33 (3) the remaining annual revenue shall be deposited in the
34 South Carolina Medicaid Reserve Fund created pursuant to Section
35 1111230(B).

36 (C) For all purposes of reporting, payment, collection, and
37 enforcement, the surtax imposed by this section is deemed to be
38 imposed pursuant to Section 1221620.

39 (D) For purposes of this section, ‘cigarette’ means:

40 (1) any roll for smoking containing tobacco or any substitute
41 for tobacco wrapped in paper or in any substance other than a
42 tobacco leaf; or

1 (2) any roll for smoking containing tobacco or any substitute
2 for tobacco, wrapped in any substance, weighing three pounds per
3 thousand or less, however labeled or named, which because of its
4 appearance, size, type of tobacco used in the filler, or its
5 packaging, pricing, marketing, or labeling, is likely to be offered
6 to, or purchased by, consumers as a cigarette described in item
7 (1).”

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9 SECTION 2. Section 1221620 of the 1976 Code is amended to
10 read:

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12 “Section 1221620. (A) There shall be levied, assessed,
13 collected, and paid in respect to the articles containing tobacco
14 enumerated in this section the following amounts:

15 (1) upon all cigarettes made of tobacco or any substitute for
16 tobacco, three and onehalf mills on each cigarette;

17 (2) upon all tobacco products, as defined in Section
18 1221800, five percent of the manufacturer’s price.

19 Manufacturer’s price as used in this section is the established
20 price at which a manufacturer sells to a wholesaler.

21 (B) As used in this section, ‘cigarette’ means:

22 (1) any roll for smoking containing tobacco or any substitute
23 for tobacco wrapped in paper or in any substance other than a
24 tobacco leaf; or

25 (2) any roll for smoking containing tobacco or any substitute
26 for tobacco, wrapped in any substance, weighing three pounds per
27 thousand or less, however labeled or named, which because of its
28 appearance, size, type of tobacco used in the filler, or its
29 packaging, pricing, marketing, or labeling, is likely to be offered
30 to, or purchased by, consumers as a cigarette described in item (1)
31 of this subsection.”

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33 SECTION 3. Article 1, Chapter 11, Title 11 of the 1976 Code is
34 amended by adding:

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36 “Section 1111230. (A) There is created in the State Treasury
37 the Smoking Prevention and Cessation Trust Fund. This fund is
38 separate and distinct from the general fund of the State and all
39 other funds. Earnings and interest on this fund must be credited to
40 it and any balance in this fund at the end of a fiscal year carries
41 forward in the fund in the succeeding fiscal year. The trust fund
42 must transfer five million dollars annually to the Department of
43 Health and Environmental Control to administer a statewide

1 smoking prevention and cessation program. The funds must not be
2 appropriated for any other purpose and the Department of Health
3 and Environmental Control may not use the funds for any purposes
4 other than administering a statewide smoking prevention and
5 cessation program.

6 (B) There is created the South Carolina Medicaid Reserve
7 Fund. This fund is separate and distinct from the general fund of
8 the State and all other funds. Earnings and interest on this fund
9 must be credited to it and any balance in this fund at the end of a
10 fiscal year carries forward in the fund in the succeeding fiscal year.
11 The fund may only be appropriated for the restoration and
12 maintenance of effort of the Medicaid program as structured at the
13 time this act takes effect, and must not be appropriated for any
14 other purpose. The fund must not be used to expand any
15 component of the existing Medicaid program.”

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17 SECTION 4. Chapter 49, Title 11 of the 1976 Code is amended
18 by adding:

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20 “Section 11-49-55. Notwithstanding any other provision of law,
21 and to the extent that funds are available and not otherwise
22 committed or restricted by law or by contract, from the trust fund
23 created pursuant to this chapter, the State Treasurer shall direct one
24 million dollars annually for five fiscal years beginning with the
25 first fiscal year in which funds are available, to the Department of
26 Agriculture to cause the marketing and branding of South Carolina
27 agricultural crops or produce as being grown in South Carolina
28 when offered for sale in retail establishments and to assist in relief
29 from natural disasters affecting stategrown crops.”

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31 SECTION 5. Except where otherwise provided, this act takes
32 effect upon approval by the Governor.

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