

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE BILL 254

Short Title: Reduce Youth Smoking: Raise Tobacco Taxes. (Public)

Sponsors: Representatives Weiss, Glazier, Insko, Alexander (Primary Sponsors); B. Allen, England, Goforth, Hackney, Luebke, Michaux, Miller, Nesbitt, and Ross.

Referred to: Finance.

March 6, 2003

A BILL TO BE ENTITLED

1 AN ACT TO RAISE THE EXCISE TAXES ON CIGARETTES AND OTHER
2 TOBACCO PRODUCTS TO REDUCE AND PREVENT YOUTH SMOKING IN
3 NORTH CAROLINA AND THEREBY PROTECT THE HEALTH AND SAVE
4 THE LIVES OF NORTH CAROLINA'S CHILDREN.
5

6 Whereas, North Carolina's excise tax on cigarettes is currently five cents (5¢)
7 a pack, the third lowest in the nation, and

8 Whereas, the use of tobacco products is the leading cause of preventable
9 death and disability in North Carolina, and

10 Whereas, the use of tobacco products costs the State four billion seven
11 hundred fifty million dollars (\$4,750,000,000) in medical costs and lost productivity
12 annually, and

13 Whereas, 24,600 North Carolina children become new daily smokers each
14 year, a rate of 67 new daily child smokers everyday, and

15 Whereas, the best way to prevent and reduce tobacco use by children is to
16 substantially increase the cost of cigarettes, and

17 Whereas such a tax increase would result in a sixteen and one-tenths percent
18 (16.1%) decrease in youth smoking rates, prevent 105,750 North Carolina children from
19 starting to smoke, and save 33,750 North Carolina children from premature
20 smoking-related deaths; Now, therefore,

21 The General Assembly of North Carolina enacts:

22 **SECTION 1.** G.S. 105-113.5 reads as rewritten:

23 **"§ 105-113.5. Tax on cigarettes.**

24 A tax is levied on the sale or possession for sale in this State, by a distributor, of all
25 cigarettes at the rate of ~~two and one half millsthree and three-quarter cents~~ (3 3/4¢) per
26 individual cigarette.

27 This tax does not apply to any of the following:

- 1 (1) Sample cigarettes distributed without charge in packages containing
2 five or fewer cigarettes.
- 3 (2) Cigarettes in a package of cigarettes given without charge by the
4 manufacturer of the cigarettes to an employee of the manufacturer who
5 works in a factory where cigarettes are made, if the cigarettes are not
6 taxed by the federal government."

7 **SECTION 2.** G.S. 105-113.35(a) reads as rewritten:

8 "(a) Tax. – An excise tax is levied on tobacco products other than cigarettes at the
9 rate of ~~two percent (2%)~~thirty percent (30%) of the cost price of the products. This tax
10 does not apply to the following:

- 11 (1) A tobacco product sold outside the State.
12 (2) A tobacco product sold to the federal government.
13 (3) A sample tobacco product distributed without charge."

14 **SECTION 3.** This act becomes effective July 1, 2003.