

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH70443-MAx-65A (4/27)

Short Title: Increase Excise Tax on Cigarettes. (Public)

Sponsors: Representative Insko.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE EXCISE TAX ON CIGARETTES AND TO PROVIDE THAT THE PROCEEDS FROM THE CIGARETTE TAX SHALL BE USED TO REIMBURSE COUNTIES FOR THE COUNTY SHARE OF MEDICAID EXPENDITURES.

The General Assembly of North Carolina enacts:

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

"§ **105-113.5. Tax on cigarettes.**

(a) Levy. – A tax is levied on the sale or possession for sale in this State, by a distributor, of all cigarettes at the rate of ~~two and one half mills~~ four cents (4¢) per individual cigarette.

(b) Distribution. – Twenty-five percent (25%) of the revenue collected under this section is appropriated from the General Fund to the Department of Health and Human Services, Division of Medical Assistance. All funds appropriated by this subsection shall be used to reimburse each county for a portion of the county's share of its Medicaid expenditures, excluding administrative costs. The amount of funds distributed to each county shall be a percentage of the funds appropriated that is equal to the percentage that the county's Medicaid expenditures bears to total State Medicaid expenditures."

SECTION 2. This act becomes effective July 1, 2005.