

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 1746

Short Title: Cigarette Tax/County Share of Medicaid. (Public)

Sponsors: Representatives England, Goforth, Rapp (Primary Sponsors); B. Allen, Church, and Goodwin.

Referred to: Finance.

May 12, 2005

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE EXCISE TAX ON CIGARETTES AND DEDICATE THE PROCEEDS OF THE INCREASE TO COUNTY MEDICAID PROGRAMS ON A PRO RATA BASIS.

The General Assembly of North Carolina enacts:

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

"§ 105-113.5. Tax on cigarettes.

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-cents~~ (2¢) per individual cigarette."

SECTION 2. It is the intent of the General Assembly that the cigarette tax imposed in Section 1 of this act be used to reimburse each county for a portion of that county's share of its Medicaid expenditures, not including administrative costs. There is appropriated from the General Fund to the Department of Health and Human Services, Division of Medical Assistance, the sum of two hundred one million three hundred thousand dollars (\$201,300,000) for the 2005-2006 fiscal year and the sum of two hundred twenty-nine million nine hundred thousand (\$229,900,000) for the 2006-2007 fiscal year. These funds 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 3. This act becomes effective July 1, 2005.