

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE BILL 214

Short Title: Increase Cigarette Excise Tax by 75 Cents. (Public)

Sponsors: Senators Nesbitt, Kinnaird and Cowell.

Referred to: Finance.

February 24, 2005

**A BILL TO BE ENTITLED
AN ACT TO INCREASE THE EXCISE TAX ON CIGARETTES.**

Whereas, tobacco use continues to be a major health concern among youth in the State; and

Whereas, research shows that secondhand smoke is harmful to nonsmokers and results in increasing medical costs being borne by the general public; and

Whereas, future costs of health care, such as Medicare and Medicaid, would be significantly reduced if youth did not take up smoking; and

Whereas, according to the Centers for Disease Control and Prevention, raising the price of a pack of cigarettes, through a tax, is the most effective way to prevent youth from smoking; and

Whereas, studies also show that raising the price of a pack of cigarettes, through a tax, is the most effective way to prevent pregnant women from smoking and therefore prevents harm to unborn children; and

Whereas, North Carolina's cigarette tax is the second lowest in the nation; Now, therefore,

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~~ four cents (4¢) per individual cigarette."

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

"§ 105-113.35. Tax on tobacco products other than cigarettes.

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

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

SECTION 3. This act becomes effective July 1, 2005.