

TITLE

**CIGARETTES IN MISSISSIPPI
SHALL BE TAXED ADDITIONALLY
AT 40 PERCENT OF THE NATIONAL CIGARETTE TAX AVERAGE
AND EARMARKED FOR MEDICAID.**

Serial No. 28

BODY

There is hereby created a Mississippi Medicaid Cigarette Tax to provide funding assistance for Medicaid in Mississippi.

The Mississippi Medicaid Cigarette Tax shall be levied, per pack, at 40 percent of the National Cigarette State-Tax Average Rate and shall be added to, or in addition to, Mississippi's excise tax, general sales tax, and any other State, Federal, County, Municipal, and any other taxes on cigarettes.

The National Cigarette State-Tax Average Rate shall be computed by the Commissioner of Revenue on December 31st of each year. The National Cigarette State-Tax Average Rate shall be the sum of all rates of excise tax on cigarettes levied by the various States computed on a per pack basis divided by the number of States levying such taxes. The average so determined shall be divided by two and then rounded to the next highest whole number to arrive at the appropriate tax rate. The tax so determined shall be levied and collected by the Commissioner of Revenue beginning on July 1st of each successive year.

Any Funds generated by this Medicaid Cigarette Tax shall be collected by the Commissioner of Revenue and divided and distributed under the following guidelines.

- A) 2 % of the funds shall be retained by the Commissioner of Revenue and used for administrative and compliance purposes.
- B) 98 % of the funds shall be distributed to the Office of the Governor, Division of Medicaid, for further distribution as follows:
 - i) 92 % of the funds shall be directed to the Office of the Governor, Division of Medicaid, for distribution, exclusively, to healthcare providers licensed by the Mississippi State Board of Health.

ii) 3 % of the funds shall be directed to the Office of the Governor, Division of Medicaid, for distribution, exclusively, to guard and combat any Medicaid fraud and/or abuse.

iii) 1 % of the funds shall be directed to the Office of the Governor, Division of Medicaid, for distribution, exclusively, for tobacco cessation programs.

iv) 2 % of the funds shall be used by the Office of the Governor, Division of Medicaid, for administrative or other purposes as necessary.

The Mississippi Legislature shall provide other provisions necessary to implement and maintain the additional tax on cigarettes, and the intentions of this law, known as the Mississippi Medicaid Cigarette Tax.

Pursuant to Article 15 Section 273 (4) of the Mississippi Constitution, there is no amount of current revenue required to implement the initiative; this initiative would be self-funding.

January 30, 2009

The Honorable Delbert Hosemann
Secretary of State
State of Mississippi
401 Mississippi St.
Jackson, MS 39201

RE: *Revised Initiative to Tax Cigarettes*

Dear Delbert:

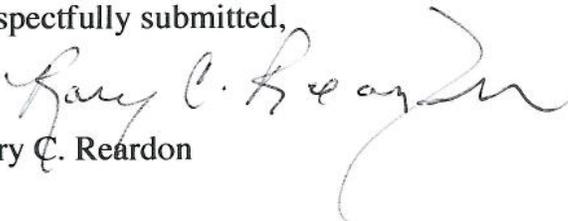
The opening line of the initiative we previously filed was erroneous.

Therefore we would like to withdraw the previous initiative that was numbered 25. In it's place, we are hereby filing the attached initiative. We recognize that this starts the process at the beginning.

If there is anything else we need to do please have someone in your office let me know.

Many thanks.

Respectfully submitted,


Rory C. Reardon

CC: W.O. 'Bill' Lockett

Enclosures

