

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 640

Short Title: Increase Tobacco Products Tax. (Public)

Sponsors: Representatives Weiss, Glazier, Luebke, Wainwright (Primary Sponsors);  
M. Alexander and Insko.

Referred to: Mental Health Reform, if favorable, Finance.

March 18, 2009

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE TAX FOR CIGARETTES AND OTHER TOBACCO  
PRODUCTS AND TO PROVIDE INCREASED FUNDS TO MEET THE MENTAL  
HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICE  
NEEDS OF CITIZENS OF THE STATE.

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. – A tax is levied on the sale or possession for sale in this State, by a distributor,  
of all cigarettes at the rate of ~~one and three fourths cents (1.75¢)~~ five and one-half cents (5.5¢)  
per individual cigarette.

(b) Use. – Of the funds collected pursuant to this section and G.S. 105-113.6, as  
adjusted for any discounts or refunds allowed pursuant to G.S. 105-113.21, the Secretary shall  
deposit an amount equal to the rate of three hundred seventy-five thousandths cents (.375¢) per  
individual cigarette to the Trust Fund for Mental Health, Developmental Disabilities, and  
Substance Abuse Services and Bridge Funding Needs established pursuant to G.S. 143C-9-2,  
and the Secretary shall deposit the remainder of the funds to the General Fund."

**SECTION 2.** G.S. 105-113.35 reads as rewritten:

(a) Tax. – An excise tax is levied on tobacco products other than cigarettes at the rate of  
~~ten percent (10%)~~ thirty-one percent (31%) 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.

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(e) Use. – Of the funds collected pursuant to this section, the Secretary shall deposit an  
amount equal to ~~three percent (3%)~~ twenty-two percent (22%) of the cost price of the products  
to the General Fund, the Secretary shall deposit an amount equal to two percent (2%) of the  
cost price of the products to the Trust Fund for Mental Health, Developmental Disabilities, and  
Substance Abuse Services and Bridge Funding Needs established pursuant to G.S. 143C-9-2,  
and the Secretary shall remit the remainder of the funds to the University Cancer Research  
Fund established pursuant to G.S. 116-29.1."

**SECTION 3.** This act becomes effective July 1, 2009.

