

State of South Dakota

SEVENTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2001

168E0534

HOUSE BILL NO. 1153

Introduced by: Representatives Adelstein, Brown (Richard), Sutton (Duane), and Van
Etten and Senators Daugaard, Brown (Arnold), and Whiting

1 FOR AN ACT ENTITLED, An Act to increase the tax on cigarettes and other tobacco products
2 and to dedicate the increased revenue to a trust fund.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 10-50 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 In addition to the tax imposed by § 10-50-3, whether or not a sale occurs, there is imposed
7 an additional tax at the following rates on all cigarettes held in this state for sale by any person:

8 Class A, on cigarettes weighing not more than three pounds per thousand, thirteen and
9 one-half mills on each cigarette.

10 Class B, on cigarettes weighing more than three pounds per thousand, thirteen and
11 eight-tenths mills on each cigarette.

12 Section 2. That chapter 10-50 be amended by adding thereto a NEW SECTION to read as
13 follows:

14 In addition to the tax imposed by § 10-50-61, whether or not a sale occurs, there is imposed
15 an additional tax upon all tobacco products in this state and upon any person engaged in business

1 as a licensed distributor or licensed wholesaler thereof, at the rate of ten percent of the wholesale
2 purchase price of such tobacco products. Such tax shall be imposed at the time the distributor
3 or wholesaler brings or causes to be brought into this state tobacco products for sale; makes,
4 manufactures, or fabricates tobacco products in this state for sale in this state; or ships or
5 transports tobacco products to dealers in this state to be sold by those dealers. For the purposes
6 of this chapter, wholesale purchase price is the price for which a manufacturer sells tobacco
7 products to a licensed distributor or licensed wholesaler exclusive of any discount or other
8 reduction.

9 Section 3. That chapter 10-50 be amended by adding thereto a NEW SECTION to read as
10 follows:

11 Any funds collected pursuant to sections 1 and 2 of this Act shall be deposited in the tobacco
12 prevention and reduction trust fund created pursuant to § 34-46-12. When such fund has a
13 principal balance of eighty million dollars from the tax imposed by sections 1 and 2 of this Act,
14 any additional moneys collected from such tax shall be deposited in the state treasury and
15 credited to the general fund.

16 Section 4. That § 34-46-12 be amended to read as follows:

17 34-46-12. The tobacco prevention and reduction trust fund is established in the state
18 treasury. Interest earned on money in the fund shall be credited to the fund. Any money from
19 gifts, grants, or other funds may be deposited in the fund. The principal and interest may be
20 appropriated by the Legislature from the fund. However, no appropriation of any principal
21 received from the tax imposed by sections 1 and 2 of this Act may be made, except when interest
22 earned on such principal is less than two million dollars in any one fiscal year. The fund shall be
23 invested according to §§ 4-5-23 and 4-5-26.