

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 886

Short Title: Excise Tax Increases for Substance Abuse. (Public)

Sponsors: Representative C. Graham.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance

April 26, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE CERTAIN EXCISE TAXES TO PROVIDE FUNDING FOR
3 SUBSTANCE USE PROGRAMS AND SERVICES.

4 Whereas, there have been over 1,400 deaths due to drug overdose in 2015 in North
5 Carolina; and

6 Whereas, in 2014, the number of drug overdoses was 50% greater than the number
7 of persons killed in motor vehicle accidents; and

8 Whereas, there have been 11,551 hospitalizations due to drug overdose in 2012 in
9 North Carolina, including 3,560 due to heroin; and

10 Whereas, there have been 20,981 emergency department visits in 2012 in North
11 Carolina due to drug overdose; and

12 Whereas, 80% of heroin users start with prescription painkillers; and

13 Whereas, the number of persons receiving treatment services for heroin in 2013 is
14 nearly double the number from 1997; and

15 Whereas, the North Carolina health care costs in 2011 associated with opioid abuse
16 was approximately \$582,486,663; Now, therefore,

17 The General Assembly of North Carolina enacts:

18 **SECTION 1.** G.S. 105-113.35 reads as rewritten:

19 **"§ 105-113.35. Tax on tobacco products other than cigarettes.**

20 (a) Tax on Tobacco Products. – An excise tax is levied on tobacco products at the rate
21 of ~~twelve and eight-tenths percent (12.8%)~~ fifteen percent (15%) of the cost price of the
22 products. The tax rate does not apply to the following:

23 (1) Cigarettes subject to the tax in G.S. 105-113.5.

24 (2) Vapor products subject to the tax in subsection (a1) of this section.

25 (a1) Tax on Vapor Products. – An excise tax is levied on vapor products at the rate of
26 ~~five cents (5¢)~~ seven cents (7¢) per fluid milliliter of consumable product. All invoices for
27 vapor products issued by manufacturers must state the amount of consumable product in
28 milliliters.

29 ...

30 (e) Use. – Of the funds collected pursuant to this section, the Secretary shall deposit to
31 the General Fund an amount equal to twelve and eight-tenths percent (12.8%) of the cost price
32 of the products taxed pursuant to subsection (a) of this section and an amount equal to five
33 cents (5¢) per fluid milliliter of consumable product pursuant to subsection (a1) of this section.
34 The Secretary shall remit the remainder of the funds to the Division of Mental Health,



1 Developmental Disabilities, and Substance Abuse Services in the Department of Health and
2 Human Services for supporting the provision of substance use programs and services."

3 **SECTION 2.** G.S. 105-113.5 reads as rewritten:

4 "**§ 105-113.5. Tax on cigarettes.**

5 (a) Rate. – A tax is levied on the sale or possession for sale in this State, by a
6 distributor, of all cigarettes at the rate of ~~two and one fourth cents (2.25¢)~~ three cents (3¢) per
7 individual cigarette.

8 (b) Use. – After accounting for discounts and refunds permitted pursuant to this Part, of
9 the funds collected pursuant to this section, the Secretary shall deposit to the General Fund an
10 amount equal to two and one-fourth cents (2.25¢) per individual cigarette pursuant to
11 subsection (a) of this section. The Secretary shall remit the remainder of the funds to the
12 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in the
13 Department of Health and Human Services for supporting the provision of substance use
14 programs and services."

15 **SECTION 3.** G.S. 105-113.80(a) reads as rewritten:

16 "(a) Beer. – An excise tax of ~~sixty one and seventy one hundredths cents (61.71¢)~~
17 seventy cents (70¢) per gallon is levied on the sale of malt beverages."

18 **SECTION 4.** Part 4 of Article 2C of Subchapter I of Chapter 105 of the General
19 Statutes is amended by adding a new section to read:

20 "**§ 105-113.82A. Use.**

21 After accounting for discounts, refunds, and distributions required pursuant to this Part, of
22 the funds collected pursuant to G.S. 105-113.80(a), the Secretary shall deposit to the General
23 Fund an amount equal to sixty-one and seventy-one hundredths cents (61.71¢) per gallon levied
24 on the sale of malt beverages. The Secretary shall remit the remainder of the funds to the
25 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in the
26 Department of Health and Human Services for supporting the provision of substance use
27 programs and services."

28 **SECTION 5.** G.S. 105-113.35, as amended by Section 1 of this act, reads as
29 rewritten:

30 "**§ 105-113.35. Tax on tobacco products other than cigarettes.**

31 (a) Tax on Tobacco Products. – An excise tax is levied on tobacco products at the rate
32 of ~~fifteen percent (15%)~~ twelve and eight-tenths percent (12.8%) of the cost price of the
33 products. The tax rate does not apply to the following:

34 (1) Cigarettes subject to the tax in G.S. 105-113.5.

35 (2) Vapor products subject to the tax in subsection (a1) of this section.

36 (a1) Tax on Vapor Products. – An excise tax is levied on vapor products at the rate of
37 ~~seven cents (7¢)~~ five cents (5¢) per fluid milliliter of consumable product. All invoices for
38 vapor products issued by manufacturers must state the amount of consumable product in
39 milliliters.

40 ...

41 (e) Use. – ~~Of the funds collected pursuant to this section, the Secretary shall deposit to~~
42 ~~the General Fund an amount equal to twelve and eight tenths percent (12.8%) of the cost price~~
43 ~~of the products taxed pursuant to subsection (a) of this section and an amount equal to five~~
44 ~~cents (5¢) per fluid milliliter of consumable product pursuant to subsection (a1) of this section.~~
45 ~~The Secretary shall remit the remainder of the funds to the Division of Mental Health,~~
46 ~~Developmental Disabilities, and Substance Abuse Services in the Department of Health and~~
47 ~~Human Services for supporting the provision of substance use programs and services."~~

48 **SECTION 6.** G.S. 105-113.5, as amended by Section 2 of this act, reads as
49 rewritten:

50 "**§ 105-113.5. Tax on cigarettes.**

1 (a) **Rate.**—A tax is levied on the sale or possession for sale in this State, by a
2 distributor, of all cigarettes at the rate of ~~three cents (3¢)~~two and one-fourth cents (2.25¢) per
3 individual cigarette.

4 (b) **Use.**—~~After accounting for discounts and refunds permitted pursuant to this Part, of
5 the funds collected pursuant to this section, the Secretary shall deposit to the General Fund an
6 amount equal to two and one-fourth cents (2.25¢) per individual cigarette pursuant to
7 subsection (a) of this section. The Secretary shall remit the remainder of the funds to the
8 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in the
9 Department of Health and Human Services for supporting the provision of substance use
10 programs and services."~~

11 **SECTION 7.** G.S. 105-113.80(a), as amended by Section 3 of this act, reads as
12 rewritten:

13 (a) **Beer.** – An excise tax of ~~seventy cents (70¢)~~sixty-one and seventy-one hundredths
14 cents (61.71¢) per gallon is levied on the sale of malt beverages."

15 **SECTION 8.** G.S. 105-113.82A, as enacted by Section 4 of this act, is repealed.

16 **SECTION 9.** Sections 1, 2, 3, and 4 of this act become effective July 1, 2017.
17 Sections 5, 6, 7, and 8 of this act become effective July 1, 2019. The remainder of this act is
18 effective when it becomes law.