

SPONSOR: Rep. Gilligan & Rep. Van Sant & Rep. Spence & Rep. Smith & Rep. Lee & Rep. Hudson & Sen. Adams, Sen. McDowell & Sen. DeLuca & Sen. Cook & Sen. Vaughn & Sen. Still & Sen. Sorenson

HOUSE OF REPRESENTATIVES

142nd GENERAL ASSEMBLY

HOUSE BILL NO. 270

AN ACT TO AMEND TITLE 30, CHAPTER 53 OF THE DELAWARE CODE RELATING TO THE LEVY AND COLLECTION OF TAX ON TOBACCO PRODUCTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

Section 1. Amend § 5305(a), Title 30 of the Delaware Code, by striking the figure "12" as it appears in said subsection and substituting in lieu thereof the figure "27.5".

Section 2. Amend § 5305(a), Title 30 of the Delaware Code, by striking the phrase "tax per pack involving a fraction of a cent, the tax applicable to that pack" and substituting in lieu thereof the phrase "tax per pack or other unit of sale to which this tax applies involving a fraction of a cent, the tax applicable to that pack or other unit".

Section 3. This Act shall be effective to establish the rate of tax to pay or to have been paid on cigarettes in possession of any person liable for payment of the tax on or after midnight July 31, 2003. The tax imposed by Sections 1 and 2 of this Act is also imposed on cigarettes in possession of any person liable for the tax on or after midnight July 31, 2003, which as of that date have been affixed with any tobacco product tax stamp or other indicia of payment of the tax in effect prior to the effective date of this Act. Such tax shall be at the rate specified in Sections 1 and 2 of this Act less the tax previously paid with respect to such cigarettes. The additional tax imposed by Sections 1 and 2 of this Act must also be paid relative to tobacco stamps purchased, and not affixed, before midnight July 31, 2003.

SYNOPSIS

This Act increases the tax on cigarettes from 24 cents to 55 cents per 20-cigarette pack.

Section 1 increases the cigarette tax rate.

Section 2 clarifies that the cigarette tax is rounded up in case it applies to any unit expressed in fractions of cents. The same concept presently applies to cigarettes sold in packs.

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Section 3 makes the cigarette tax effective for possession within the state after midnight July 31, 2003. It also imposes a "floor tax" on inventories of cigarettes and requires that the difference between the new tax and the old tax be paid on stamps purchased on or before midnight July 31, 2003, but not affixed to any cigarettes as of the effective date of this Act.

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