

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE BILL 286

Short Title: Increase Cigarette Tax. (Public)

Sponsors: Representatives Weiss, Justice, Womble, Glazier (Primary Sponsors);  
Alexander, B. Allen, Coleman, England, Farmer-Butterfield, Fisher,  
Goforth, Hackney, Insko, Luebke, Michaux, and Ross.

Referred to: Finance.

February 17, 2005

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE EXCISE TAX ON CIGARETTES AND OTHER  
TOBACCO PRODUCTS.

Whereas, North Carolina's excise tax on cigarettes is currently five cents (5¢) a pack, the second lowest in the nation; and

Whereas, the use of tobacco products is the leading cause of preventable death and disability in North Carolina; and

Whereas, the use of tobacco products costs the State four billion seven hundred fifty million dollars (\$4,750,000,000) in medical costs and lost productivity annually; and

Whereas, 24,600 North Carolina children become new daily smokers each year, a rate of 67 new daily child smokers everyday; and

Whereas, the best way to prevent and reduce tobacco use by children is to substantially increase the cost of cigarettes; and

Whereas, such a tax increase would result in a fifteen and seven-tenths percent (15.7%) decrease in youth smoking rates, prevent 101,000 North Carolina children from starting to smoke, and save 32,300 North Carolina children from premature smoking-related deaths; Now, therefore,

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 is levied on the sale or possession for sale in this State, by a distributor, of all cigarettes at the rate of ~~two and one-half mills~~ four cents (4¢) per individual cigarette."

**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 ~~two percent (2%)~~ thirty-two percent (32%) of the cost price of the products. This tax does not apply to the following:

- 1           (1)    A tobacco product sold outside the State.  
2           (2)    A tobacco product sold to the federal government.  
3           (3)    A sample tobacco product distributed without charge."  
4           **SECTION 3.** This act becomes effective July 1, 2005.