

BE IT ENACTED BY THE PEOPLE OF THE STATE OF COLORADO:

Title 39 of the Colorado Revised Statutes is hereby amended by the addition of the following new Article 28.6, to read:

ARTICLE 28.6
SUPPLEMENTAL TAX ON TOBACCO PRODUCTS AND CIGARETTES

Legislative declaration.

(1) The people of Colorado hereby declare that: over four thousand, five hundred Coloradans die each year from tobacco addiction, making it the lead cause of preventable death in our state; over seventy-eight thousand children in Colorado are regular smokers, and that addiction will cause a premature death on the part of one-third of them; health care costs in Colorado that are attributable to tobacco use exceed one billion dollars per year; tobacco taxes are an effective means of preventing and reducing tobacco use; Coloradans are increasingly unable to afford the rising costs of health care, and it is the intention of the people of Colorado to increase tobacco taxes in order to promote the public health and to generate revenues to provide programs that increase access to health care for children and families, and provide programs to prevent and reduce tobacco use.

39-28.6-102. Definitions. For purposes of this section:

(1) the term “cigarettes” shall have the same meaning as provided in section 39-28-202(4) of the Colorado Revised Statutes, as such provision existed on January 1, 2003;

(2) the term “manufacturer’s list price” shall have the same meaning as provided in section 39-28.5-101(3) of the Colorado Revised Statutes, as such provision existed on January 1, 2003;

(3) the term “tobacco products” shall have the same meaning as provided section 39-28.5-101(5) of the Colorado Revised Statutes, as such provision existed on January 1, 2003.

39-28.6-103. Supplemental taxes on cigarettes and tobacco products. (1) Effective July 1, 2004, there are hereby imposed the following additional taxes:

(a) A statewide cigarette tax, on the sale of cigarettes by wholesalers, at the rate of four cents per cigarette; and

(b) A statewide tobacco products tax, on the sale, use, consumption, handling, or distribution of tobacco products by distributors, at the rate of fifteen percent of the manufacturer’s list price thereof.

(2) The taxes imposed by this section shall be in addition to any other taxes, existing as of January 1, 2003, or thereafter adopted, on the sale or use of cigarettes by wholesalers and on the sale, use, consumption, handling, or distribution of tobacco products by distributors. The taxes

imposed by this section shall be collected by the state department of revenue in the same manner as such other taxes imposed on cigarettes and tobacco products.

39-28.6-104. Allocation of tax revenue. Notwithstanding any other provision of law, the aggregate revenues generated by section 39-28.6-103(1), C.R.S., shall be appropriated annually by the general assembly only in the following proportions and for the following purposes:

(1) seventeen percent of such revenues shall be appropriated to the Colorado department of public health and environment for purposes of implementing, administering and evaluating school and community-based and statewide tobacco education programs designed to reduce initiation of tobacco use by children and youth, promote cessation of tobacco use among youth and adults, and reduce exposure to second-hand smoke, with such programs designed in accordance with best practices for tobacco control programs as established by the Federal Centers for Disease Control and Prevention;

(2) eighty two percent of such revenues shall be appropriated to the Colorado department of health care policy and financing for purposes of implementing and administering programs to increase access to health care for Coloradans; and

(3) up to one percent of such revenues shall be appropriated for purposes of the Colorado department of revenue's administration and enforcement of collection of taxes imposed by this section, but if the costs of such administration and enforcement are less than one percent of such revenues, the excess funds shall revert proportionately in a manner that is consistent with the allocation set forth in paragraphs (1) through (3) of this subsection.

39-28.6-105. Unexpended funds. Notwithstanding any other provision of law, revenues raised under this section which are appropriated for the purposes set forth in 39-28.6-104 (1)-(3), C.R.S., but are not expended in any fiscal year shall be carried forward and expended in the following fiscal year according to the purpose for which they were originally appropriated, as provided in subsection 39-28.6-104, C.R.S. Such amounts that are carried forward shall include interest earned on taxes collected during a fiscal year.

39-28.6-106. Fiscal year spending. Notwithstanding any other provision of law, all revenues raised or received by operation of this section shall be excluded from fiscal year spending, as that term is defined by section 20 of article X of the state constitution, and the corresponding spending limits upon state government and all local governments receiving such funds.

39-28.6-107. Effective date. This article shall become effective on July 1, 2004.