

SENATE BILL No. 450

By Committee on Assessment and Taxation

1-25

AN ACT relating to cigarette taxation; increasing the rate imposed thereon; amending K.S.A. 79-3310 and 79-3312 and K.S.A. 2001 Supp. 79-3311 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. On and after June 1, 2002, K.S.A. 79-3310 is hereby amended to read as follows: 79-3310. There is imposed a tax upon all cigarettes sold, distributed or given away within the state of Kansas. The rate of such tax shall be ~~\$.24~~ \$.89 on each 20 cigarettes or fractional part thereof or ~~\$.30~~ \$1.1125 on each 25 cigarettes, as the case requires. Such tax shall be collected and paid to the director as provided in this act. Such tax shall be paid only once and shall be paid by the wholesale dealer first receiving the cigarettes as herein provided.

The taxes imposed by this act are hereby levied upon all sales of cigarettes made to any department, institution or agency of the state of Kansas, and to the political subdivisions thereof and their departments, institutions and agencies.

New Sec. 2. On or before June 30, 2002, each wholesale dealer, retail dealer and vending machine operator shall file a report with the director in such form as the director may prescribe showing cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on June 1, 2002. A tax of \$.65 on each 20 cigarettes or fractional part thereof or \$.8125 on each 25 cigarettes, as the case requires, and \$.65 or \$.8125, as the case requires, upon all tax stamps and all meter imprints purchased from the director and not affixed to cigarettes prior to June 1, 2002 is hereby imposed and shall be due and payable on or before June 30, 2002. The tax imposed upon such cigarettes, tax stamps and meter imprints shall be imposed only once under this act. The director shall remit all moneys collected pursuant to this section to the state treasurer who shall credit the entire amount thereof to the state general fund.

Sec. 3. On and after June 1, 2002, K.S.A. 2001 Supp. 79-3311 is hereby amended to read as follows: 79-3311. The director shall design and designate indicia of tax payment to be affixed to each package of cigarettes as provided by this act. The director shall sell water applied stamps only to licensed wholesale dealers in the amounts of 1,000 or

1 multiples thereof. Stamps applied by the heat process shall be sold only
2 in amounts of 30,000 or multiples thereof, except that such stamps which
3 are suitable for packages containing 25 cigarettes each shall be sold in
4 amounts prescribed by the director. Meter imprints shall be sold only in
5 amounts of 10,000 or multiples thereof. Water applied stamps in amounts
6 of 10,000 or multiples thereof and stamps applied by the heat process
7 and meter imprints shall be supplied to wholesale dealers at a discount
8 of ~~2.65%~~ 0.71% from the face value thereof, and shall be deducted at the
9 time of purchase or from the remittance therefor as hereinafter provided.
10 Any wholesale cigarette dealer who shall file with the director a bond, of
11 acceptable form, payable to the state of Kansas with a corporate surety
12 authorized to do business in Kansas, shall be permitted to purchase
13 stamps, and remit therefor to the director within 30 days after each such
14 purchase, up to a maximum outstanding at any one time of 85% of the
15 amount of the bond. Failure on the part of any wholesale dealer to remit
16 as herein specified shall be cause for forfeiture of such dealer's bond. All
17 revenue received from the sale of such stamps or meter imprints shall be
18 remitted to the state treasurer in accordance with the provisions of K.S.A.
19 75-4215, and amendments thereto. Upon receipt of each such remittance,
20 the state treasurer shall deposit the entire amount in the state treasury.
21 The state treasurer shall first credit such amount as the director shall
22 order to the cigarette tax refund fund and shall credit the remaining
23 balance to the state general fund. A refund fund designated the cigarette
24 tax refund fund not to exceed \$10,000 at any time shall be set apart and
25 maintained by the director from taxes collected under this act and held
26 by the state treasurer for prompt payment of all refunds authorized by
27 this act. Such cigarette tax refund fund shall be in such amount as the
28 director shall determine is necessary to meet current refunding require-
29 ments under this act.

30 The wholesale cigarette dealer shall affix to each package of cigarettes
31 stamps or tax meter imprints required by this act prior to the sale of
32 cigarettes to any person, by such dealer or such dealer's agent or agents,
33 within the state of Kansas. The director is empowered to authorize whole-
34 sale dealers to affix revenue tax meter imprints upon original packages of
35 cigarettes and is charged with the duty of regulating the use of tax meters
36 to secure payment of the proper taxes. No wholesale dealer shall affix
37 revenue tax meter imprints to original packages of cigarettes without first
38 having obtained permission from the director to employ this method of
39 affixation. If the director approves the wholesale dealer's application for
40 permission to affix revenue tax meter imprints to original packages of
41 cigarettes, the director shall require such dealer to file a suitable bond
42 payable to the state of Kansas executed by a corporate surety authorized
43 to do business in Kansas. The director may, to assure the proper collection

1 of taxes imposed by the act, revoke or suspend the privilege of imprinting
2 tax meter imprints upon original packages of cigarettes. All meters shall
3 be under the direct control of the director, and all transfer assignments
4 or anything pertaining thereto must first be authorized by the director.
5 All inks used in the stamping of cigarettes must be of a special type
6 devised for use in connection with the machine employed and approved
7 by the director. All repairs to the meter are strictly prohibited except by
8 a duly authorized representative of the director. Requests for service shall
9 be directed to the director. Meter machine ink imprints on all packages
10 shall be clear and legible. If a wholesale dealer continuously issues illeg-
11 ible cigarette tax meter imprints, it shall be considered sufficient cause
12 for revocation of such dealer's permit to use a cigarette tax meter.

13 A licensed wholesale dealer may, for the purpose of sale in another
14 state, transport cigarettes not bearing Kansas indicia of tax payment
15 through the state of Kansas provided such cigarettes are contained in
16 sealed and original cartons.

17 Sec. 4. On and after June 1, 2002, K.S.A. 79-3312 is hereby amended
18 to read as follows: 79-3312. The director shall redeem any unused stamps
19 or meter imprints that any wholesale dealer presents for redemption
20 within six months after the purchase thereof, at the face value less ~~2.65%~~
21 *0.71%* thereof if such stamps or meter imprints have been purchased
22 from the director. The director shall prepare a voucher showing the net
23 amount of such refund due, and the director of accounts and reports shall
24 draw a warrant on the state treasurer for the same. Wholesale dealers
25 shall be entitled to a refund of the tax paid on cigarettes which have
26 become unfit for sale upon proof thereof less 2.65% of such tax.

27 Sec. 5. On and after June 1, 2002, K.S.A. 79-3310 and 79-3312 and
28 K.S.A. 2001 Supp. 79-3311 are hereby repealed.

29 Sec. 6. This act shall take effect and be in force from and after its
30 publication in the Kansas register.

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