

PROPOSED STATUTORY INITIATIVE PETITION**[Proposed by Initiative Petition]**

Official Ballot Title:

Proposition A

Shall Missouri law be amended to:

- increase taxes on cigarettes in 2017, 2019, and 2021, at which point this additional tax will total 23 cents per pack of 20;
- increase the tax paid by sellers on other tobacco products by 5 percent of manufacturer's invoice price;
- use funds generated by these taxes exclusively to fund transportation infrastructure projects; and
- repeal these taxes if a measure to increase any tax or fee on cigarettes or other tobacco products is certified to appear on any local or statewide ballot?

State government revenue will increase by approximately \$95 million to \$103 million annually when cigarette and tobacco tax increases are fully implemented, with the new revenue earmarked for transportation infrastructure. Local government revenues could decrease approximately \$3 million annually due to decreased cigarette and tobacco sales.

Fair Ballot Language:

A “**yes**” vote will amend Missouri law to increase taxes on cigarettes in 2017, 2019, and 2021, at which point this additional tax will total 23 cents per pack of 20. This amendment also increases the tax paid by sellers on other tobacco products by 5 percent of manufacturer's invoice price. This amendment further provides that the funds generated by these taxes shall be used exclusively to fund transportation infrastructure projects. These taxes are repealed if a measure to increase any tax or fee on cigarettes or other tobacco products is certified to appear on any local or statewide ballot.

A “**no**” vote will not amend Missouri law relating to taxes on cigarettes and other tobacco products.

If passed, this measure will increase taxes on cigarettes and other tobacco products.

PROPOSITION A

Be it enacted by the people of the State of Missouri:

A new section to be known as section 149.017 is enacted to read as follows:

149.017. 1. In addition to the tax levied in subsection 1 of section 149.015, RSMo, an additional tax shall be levied upon the sale of cigarettes at an amount equal to six and one-half mills per cigarette on January 1, 2017, two and one-half mills per cigarette on January 1, 2019, and two and one-half mills per cigarette on January 1, 2021.

2. In addition to the tax levied in subsection 1 of section 149.160, RSMo, an additional tax of five percent of the manufacturer's invoice price before discounts and deals shall be levied on January 1, 2017 upon the first sale of tobacco products, other than cigarettes, within the state, and shall be paid by the person making the first sale within the state. Licensed persons making first sales within the state shall be allowed approved credit for returned merchandise provided the tax was paid on the returned merchandise and the purchaser was given a refund or credit. Such licensed person shall take such approved credit on the return for the month in which the purchaser was given the refund or credit.

3. The revenue generated in subsections 1 and 2 of this section, less any reduction allowed in section 149.021, RSMo, shall be deposited in the "Transportation Infrastructure Fund", which is hereby created in the state treasury, and used exclusively to fund transportation infrastructure. Notwithstanding the provisions of section 33.080, RSMo, to the contrary, moneys deposited in this fund, including any interest thereon, shall not revert to the credit of the general revenue fund at the end of the biennium. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

4. The additional six and one-half mills per cigarette tax levied in subsection 1 of this section and effective on January 1, 2017 shall not apply to inventories of cigarettes in the possession of the retailer and wholesaler on December 31, 2016. The additional two and one-half mills per cigarette tax levied in subsection 1 of this section and effective on January 1, 2019 shall not apply to inventories of cigarettes in the possession of the retailer and wholesaler on December 31, 2018. The additional two and one-half mills per cigarette tax levied in subsection 1 of this section and effective on January 1, 2021 shall not apply to inventories of cigarettes in the possession of the retailer and wholesaler on December 31, 2020.

5. The additional five percent tax levied in subsection 2 of this section shall not apply to inventories of tobacco products, other than cigarettes, in the possession of the retailer and wholesaler on December 31, 2016.

6. The additional taxes levied in subsections 1 and 2 of this section shall immediately, automatically and permanently be repealed and reduced to zero under any of the following events:

(1). In the event any tax or fee increase on some or all cigarettes or other tobacco products is officially certified to be placed on any local or statewide ballot by the Secretary of State or any other election official at any time; or

(2). In the event any provision of subsections 1 through 9 of this section is ruled null and void, invalid, unlawful, severable or unconstitutional for any reason by any state or federal court of law.

7. The provisions of subsection 6 of this section are specifically meant to include, but are not limited to, any tax increase on cigarettes or other tobacco products placed on any local or statewide ballot in Missouri at any time pursuant to chapters 115 and 116, RSMo, and Article III, sections 49 through 53, and Article XII of the Missouri Constitution or any local laws allowing submission of questions to the voters.

8. In the event any provision of subsections 6 and 7 of this section are triggered, the department of revenue shall automatically, immediately and permanently cease the application and collection of any of the taxes levied in subsections 1 and 2 of this section, and the department of revenue and the revisor of statutes shall automatically and immediately notify the public. The department of revenue shall authorize the state treasurer to make refunds for any erroneous payments or overpayments.

9. Notwithstanding the provisions of section 1.140, RSMo, or case law or rule to the contrary, the provisions of subsections 1 through 9 of this section are nonseverable. If any provision of subsections 1 through 9 of this section is held, in whole or in part, to be invalid, unlawful, or unconstitutional for any reason by any state or federal court of law, such decision shall invalidate and make void all of subsections 1 through 9 of this section.

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