**South Carolina General Assembly**

118th Session, 2009-2010

**H. 3014**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. M.A. Pitts and Gilliard

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Introduced in the House on January 13, 2009

Currently residing in the House Committee on **Ways and Means**

Summary: Cigarette tax

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/9/2008 House Prefiled

12/9/2008 House Referred to Committee on **Ways and Means**

1/13/2009 House Introduced and read first time [HJ](file:///h:\HJ%20Archive\2009\01-13-09.docx)‑22

1/13/2009 House Referred to Committee on **Ways and Means** [HJ](file:///h:\HJ%20Archive\2009\01-13-09.docx)‑22

1/15/2009 House Member(s) request name added as sponsor: Gilliard

**VERSIONS OF THIS BILL**

[12/9/2008](file:///p:\pprever\2009-10\3014_20081209.docx)

**A** **BILL**

TO AMEND SECTION 12‑21‑620, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE LICENSE TAX ON TOBACCO PRODUCTS, SO AS TO INCREASE THE TAX ON CIGARETTES TO 1.85 CENTS A CIGARETTE, DEFINE “CIGARETTE”, PROVIDE THAT NOT LESS THAN FIFTEEN MILLION DOLLARS OF CIGARETTE LICENSE TAX REVENUES MUST BE APPROPRIATED ANNUALLY TO THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION FOR THE ALLIED HEALTHCARE INITIATIVE AND NOT LESS THAN TEN MILLION DOLLARS MUST BE APPROPRIATED TO THE COMMISSION ON HIGHER EDUCATION FOR THE CRITICAL NEEDS NURSING INITIATIVE FUND AND TO PROVIDE THAT THE BALANCE OF THE REVENUE MUST BE APPROPRIATED ANNUALLY TO THE NURSING EDUCATION SCHOLARSHIP FUND; AND BY ADDING SECTION 59‑110‑35, SO AS TO ESTABLISH THE NURSING EDUCATION SCHOLARSHIP FUND (NESF) FOR THE PURPOSE OF PROVIDING SCHOLARSHIPS COVERING TUITION, FEES, AND BOOKS FOR INSTATE STUDENTS ENROLLED IN TWO YEAR AND FOUR YEAR NURSING PROGRAMS AT PUBLIC INSTITUTIONS OF HIGHER LEARNING IN THIS STATE, ESTABLISH THE ELIGIBILITY REQUIREMENTS FOR THIS SCHOLARSHIP.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 12‑21‑620 of the 1976 Code is amended to read:

“Section 12‑21‑620. (A) There ~~shall~~ must be levied, assessed, collected, and paid in respect to the articles containing tobacco enumerated in this section the following amounts:

(1) upon all cigarettes made of tobacco or any substitute for tobacco, ~~three and one‑half mills~~ 1.85 cents on each cigarette;

(2) upon all tobacco products, as defined in Section 12‑21‑800, five percent of the manufacturer’s price.

Manufacturer’s price as used in this section is the established price at which a manufacturer sells to a wholesaler.

(B) As used in this section, ‘cigarette’ means:

(1) any roll for smoking containing tobacco wrapped in paper or in any substance other than a tobacco leaf; or

(2) any roll for smoking containing tobacco, wrapped in any substance, weighing three pounds per thousand or less, however labeled or named, which because of its appearance, size, type of tobacco used in the filler, or its packaging, pricing, marketing, or labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in item (1) of this subsection.

(C) Notwithstanding another provision of law providing for the crediting of the revenues of the license tax imposed pursuant to subsection (A)(1) of this section, the revenues of the tax imposed pursuant to subsection (A)(1) must be credited to the general fund of this State and appropriated therefrom in the annual general appropriations act as follows:

(1) not less than fifteen million dollars to the State Board for Technical and Comprehensive Education for the Allied Healthcare Initiative;

(2) not less than ten million dollars to the Commission on Higher Education for the Critical Needs Nursing Initiative Fund established pursuant to Chapter 110 of Title 59; and

(3) the balance to the Nursing Education Scholarship Fund established pursuant to Section 59‑110‑35.”

SECTION 2. Chapter 110, Title 59 of the 1976 Code, as added by Act 49 of 2007, is amended by adding:

“Section 59‑110‑35. (A) There is established the Nursing Education Scholarship Fund (NESF) under the administration of the Commission on Higher Education. There must be appropriated annually to the NESF revenues of the cigarette tax as provided pursuant to Section 12‑21‑620(C). Earnings on the NESF are credited to it and any balance in the NESF at the end of a fiscal year is carried forward in it to the succeeding fiscal year.

(B) Revenues in the NESF must be used to provide scholarships equal to the expenses of tuition, fees, books, and materials for qualified in‑state residents enrolled in a program of study leading to an associate degree in nursing or bachelor of science degree in nursing at a public institution of higher learning in South Carolina as provided in subsection (C) of this section.

(C)(1) Beginning with school year 2009‑2010, the annual amount of the nursing education scholarship for eligible resident students enrolled in a program of study leading to an associate degree in nursing or a bachelor of science degree in nursing is a sum equal to the expenses of tuition for thirty credit hours, fees, books, and materials. The nursing education scholarship, in combination with all other aid, including federal, state, private, and institutional funds, must not exceed the total cost of attendance, excluding costs for room and board, for any academic year. The nursing education scholarship must be awarded only after all other sources of aid have been exhausted. Adjustments to the financial aid package must be made to reflect other sources of aid and to prevent an overage.

(2) To be eligible to receive a nursing education scholarship, a student must be:

(a) a student who graduated from a South Carolina high school, a home school student who has successfully completed a high school home school program in this State in the manner required by law, a student who has graduated from a preparatory high school outside this State, while a dependent of a parent or guardian who is a legal resident of this State and has custody of the dependent, or a student whose parent or guardian has served in or has retired from one of the United States Armed Forces within the last four years, paid income taxes in this State for a majority of the years of service, and is a resident of this State;

(b) accepted to and enrolled in a South Carolina two‑year or four‑year institution to pursue a degree in nursing; and

(c) eligible for in‑state tuition and fees as determined pursuant to Chapter 112, Title 59 and applicable regulations.”

SECTION 3. In April, May, and June of 2009, neither a wholesaler, distributor, or a retailer of cigarettes may purchase more cigarettes in any one month in an amount that exceeds one hundred ten percent of the average monthly amount of cigarettes purchased in the same three months of the previous calendar year. In examining aggregate business license tax revenue data, if the Department of Revenue determines that the revenue collected in April, May, and June of 2009 exceeds one hundred ten percent of the amount collected during the same three months of the previous calendar year, the business license tax audit division of the department shall conduct an audit of random wholesalers, distributors, and retailers to ensure compliance with the requirements of this section. Any violation of this section shall result in a civil penalty equal to five times the amount of tax owed on the purchased cigarettes that caused the wholesaler, distributor, or retailer to exceed one hundred ten percent of the amount purchased in the same three months of the previous calendar year.

SECTION 4. This act takes effect July 1, 2009.

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