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COMMITTEE REPORT

March 28, 2012

**H. 4626**

Introduced by Rep. White

S. Printed 3/28/12--H.

Read the first time January 18, 2012.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 4626) to amend Section 11‑11‑230, Code of Laws of South Carolina, 1976, establishing the Smoking Prevention and Cessation Trust Fund and the South Carolina Medicaid Fund, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

W. BRIAN WHITE for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill is not expected to affect state general fund business license (cigarette) tax revenue in FY2012-13. This bill would reduce the amount of business license tax revenue from the surtax on cigarettes allocated to the Smoking Prevention and Cessation Trust Fund from $5,000,000 to $2,500,000 each fiscal year, and allow the transfer of $2,500,000 to the Breast Cancer and Colorectal Cancer Screening and Treatment Trust Fund each fiscal year beginning in FY2012-13.

**Explanation**

This bill would amend Section 11-11-230(A) to reduce the amount that must be transferred annually from the surtax on cigarettes from the Smoking Prevention and Cessation Trust Fund in the State Treasury to the Department of Health and Environmental Control (DHEC) to administer a statewide smoking prevention and cessation program from $5,000,000 per year to $2,500,000 per year. This bill would also add Section 11-11-230(A)(2) to create a separate and distinct fund from the general fund styled the Breast Cancer and Colorectal Cancer Screening and Treatment Trust Fund in the State Treasury. Earnings and interest on the fund must be credited to it and any balance in the fund at the end of the fiscal year carries forward to the succeeding fiscal year. This section would require the trust fund to transfer $2,500,000 annually to DHEC to administer a statewide breast cancer and colorectal cancer screening and treatment program. The funds must not be used by DHEC for any other purposes except for a statewide breast cancer and colorectal cancer screening and treatment program. The funding mechanism is altered by amending Section 21-21-625(B)(2) to reduce the amount of funds required to be deposited in the Smoking Prevention and Cessation Trust Fund from the surtax on cigarettes from $5,000,000 to $2,500,000 each fiscal year. Also Section 12-21-625(B)(2)(b) is added to allow the deposit of $2,500,000 in the Breast Cancer and Colorectal Cancer Screening and Treatment Trust Fund from the surtax on cigarettes each fiscal year.

*Approved By:*

Frank A. Rainwater

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND SECTION 11‑11‑230, CODE OF LAWS OF SOUTH CAROLINA, 1976, ESTABLISHING THE SMOKING PREVENTION AND CESSATION TRUST FUND AND THE SOUTH CAROLINA MEDICAID FUND TO RECEIVE REVENUES OF THE TWO AND ONE‑HALF CENT SURTAX IMPOSED ON THE SALE OF EACH CIGARETTE, SO AS ESTABLISH THE BREAST CANCER AND COLORECTAL CANCER SCREENING AND TREATMENT TRUST FUND TO WHICH MUST BE DEPOSITED ANNUALLY TWO AND ONE‑HALF MILLION DOLLARS IN CIGARETTE SURTAX REVENUES WHICH MUST BE USED BY THE SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL FOR THE SOLE PURPOSE OF ESTABLISHING A STATEWIDE BREAST CANCER AND COLORECTRAL CANCER SCREENING AND TREATMENT PROGRAM; AND TO AMEND SECTION 12‑21‑625, RELATING TO THE IMPOSITION OF THE CIGARETTE SURTAX AND THE USE OF THE REVENUES OF THE TAX, SO AS TO PROVIDE THAT TWO AND ONE‑HALF MILLION DOLLARS ANNUALLY OF THE SURTAX REVENUE MUST BE CREDITED TO THE BREAST CANCER AND COLORECTAL CANCER SCREENING AND TREATMENT TRUST FUND AND TO REDUCE FROM FIVE MILLION DOLLARS TO TWO AND ONE‑HALF MILLION DOLLARS ANNUALLY THE SURTAX REVENUE THAT MUST BE CREDITED TO THE SMOKING PREVENTION AND CESSATION TRUST FUND.

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

SECTION 1. Section 11‑11‑230(A) of the 1976 Code, as added by Act 170 of 2010, is amended to read:

“(A)(1) There is created in the State Treasury the Smoking Prevention and Cessation Trust Fund. This fund is separate and distinct from the general fund of the State and all other funds. Earnings and interest on this fund must be credited to it and any balance in this fund at the end of a fiscal year carries forward in the fund in the succeeding fiscal year. The trust fund must transfer ~~five~~ two and one‑half million dollars annually to the Department of Health and Environmental Control to administer a statewide smoking prevention and cessation program. The funds must not be appropriated for any other purpose and the Department of Health and Environmental Control may not use the funds for any purposes other than administering a statewide smoking prevention and cessation program.

(2) There is created in the State Treasury the Breast Cancer and Colorectal Cancer Screening and Treatment Trust Fund. This fund is separate and distinct from the general fund of the State and all other funds. Earnings and interest on this fund must be credited to it and any balance in this fund at the end of a fiscal year carries forward in the fund in the succeeding fiscal year. The trust fund must transfer two and one‑half million dollars annually to the Department of Health and Environmental Control to administer a statewide breast cancer and colorectal cancer screening and treatment program. The funds must not be appropriated for any other purpose and the Department of Health and Environmental Control may not use the funds for any purposes other than administering a statewide breast cancer and colorectal cancer screening and treatment program.”

SECTION 2. Section 12‑21‑625(B)(2) of the 1976 Code, as added by Act 170 of 2010, is amended to read:

“(2)(a) ~~five~~ two and one‑half million dollars annually to the Smoking Prevention and Cessation Trust Fund created pursuant to Section 11‑11‑230(A)(1); and

(b) two and one‑half million dollars annually to the Breast Cancer and Colorectal Cancer Screening and Treatment Trust Fund created pursuant to Section 11‑11‑230(A)(2);”

SECTION 3. This act takes effect July 1, 2012.

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