6-1448-07

1	A bill to be entitled
2	An act relating to tobacco tax assessments;
3	amending s. 210.01, F.S.; defining the term
4	"council" as the Florida Cancer Council;
5	amending s. 210.02, F.S.; revising the amount
6	of the excise or privilege tax on cigarettes;
7	amending s. 210.18, F.S., relating to penalties
8	for tax evasion; conforming a cross-reference;
9	amending s. 210.20, F.S.; revising the manner
10	in which collections received from cigarette
11	taxes are paid into various trust funds;
12	providing for additional amounts to be
13	deposited unto the Alcoholic Beverage and
14	Tobacco Trust Fund for use by the Florida
15	Cancer Council; creating s. 210.202, F.S.;
16	requiring the Florida Cancer Council to use
17	collections from cigarette taxes in a certain
18	manner; requiring the approval of the Governor
19	and the Cabinet for capital construction
20	projects granted by the council; authorizing
21	the use of net cigarette tax collections to
22	secure financing for capital projects;
23	authorizing the issuance of certain tax-exempt
24	bonds for such financing; amending s. 381.921,
25	F.S.; authorizing the council to award grants
26	using a peer-reviewed competitive process;
27	providing an effective date.
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29	Be It Enacted by the Legislature of the State of Florida:
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Section 1. Section 210.01, Florida Statutes, is amended to read:

210.01 Definitions.--When used in this part the following words shall have the meaning herein indicated:

- of which the tobacco is fully naturally fermented, without regard to the kind of tobacco or other substances used in the inner roll or the nature or composition of the material in which the roll is wrapped, which is made wholly or in part of tobacco irrespective of size or shape and whether such tobacco is flavored, adulterated or mixed with any other ingredient.
- (2) "Persons" means any individual, copartnership, society, club, association, corporation, joint stock company, and any combination of individuals and also an executor, administrator, receiver, trustee or other fiduciary.
- (3) "Sale" means any transfer, exchange or barter in any manner, or by any means whatever.
- (4) "Retail sale" or "sale at retail" means a sale to a consumer or to any person for any purpose other than resale.
- (5) "Dealer" means any wholesale dealer as hereinafter defined.
- (6) "Wholesale dealer" means any person located inside or outside this state who sells cigarettes to retail dealers or other persons for purposes of resale only. Such term shall not include any cigarette manufacturer, export warehouse proprietor, or importer with a valid permit under 26 U.S.C. s. 5712 if such person sells or distributes cigarettes in this state only to dealers who are agents and who hold valid and current permits under s. 210.15 or to any cigarette manufacturer, export warehouse proprietor, or importer who holds a valid and current permit under 26 U.S.C. s. 5712.

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- (7) "Retail dealer" means any person located inside or outside this state other than a wholesale dealer engaged in the business of selling cigarettes, including persons issued a permit pursuant to s. 569.003.
- (8) "Package" means the individual package, box or other container in or from which retail sales of cigarettes are normally made or intended to be made.
- (9) "Agent" means any person authorized by the Division of Alcoholic Beverages and Tobacco to purchase and affix adhesive or meter stamps under this part.
- (10) "Division" means the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation.
- (11) "Council" means the Florida Cancer Council within the Department of Health as established in s. 381.92.
- $\underline{(12)(11)}$ "Use" means the consuming, giving away or disposing, in any manner, of cigarettes.
- $\underline{(13)(12)}$ "First sale" means the first use or consumption of cigarettes within this state.
- $\frac{(14)(13)}{(13)}$ "Operating ad valorem millage" means all millages other than those fixed for debt service.
- (15)(14) "Distributing agent" means every person, firm or corporation in this state who acts as an agent for any person, firm or corporation outside or inside the state by receiving cigarettes in interstate or intrastate commerce and storing such cigarettes subject to distribution or delivery upon order from said principal to wholesale dealers and other distributing agents inside or outside this state.
- (16)(15) "Place of business" means any place where cigarettes are sold or where cigarettes are stored or kept for the purpose of sale or consumption; or if cigarettes are sold

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from a vending machine the place in which the vending machine is located.

(17)(16) "Manufacturer's representative" means a person who represents a manufacturer of cigarettes but who has no place of business in this state where cigarettes are stored. A manufacturer's representative is required to obtain any cigarettes required by her or him through a wholesale dealer in this state and to make such reports as may be required by the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation.

(18)(17) "Exporter" means a person who transports tax-exempt cigarettes into this state under bond for delivery beyond the borders of this state. Each permit shall entitle the permittee to store such cigarettes under bond at one location in this state pending shipment beyond the borders of this state.

(19)(18) "Unstamped package" or "unstamped cigarettes" means a package on which the tax required by this part has not been paid, regardless of whether or not such package is stamped or marked with the indicia of any other taxing authority, or a package on which there has been affixed a counterfeit or fraudulent indicium or stamp.

(20)(19) "Stamp" or "stamps" means the indicia required to be placed on cigarette packages that evidence payment of the tax on cigarettes under s. 210.02.

(21)(20) "Importer" means any person with a valid permit under 26 U.S.C. s. 5712 who imports into the United States, directly or indirectly, a finished cigarette for sale or distribution.

(22)(21) "Manufacturer" means any domestic person or entity with a valid permit under 26 U.S.C. s. 5712 that

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manufactures, fabricates, assembles, processes, or labels a finished cigarette.

(23)(22) "Counterfeit cigarettes" means cigarettes that have false manufacturing labels, tobacco product packs with counterfeit tax stamps, or any combination thereof.

Section 2. Section 210.02, Florida Statutes, is amended to read:

- 210.02 Cigarette tax imposed; collection.--
- (1) An excise or privilege tax, in addition to all other taxes of every kind imposed by law, is imposed upon the sale, receipt, purchase, possession, consumption, handling, distribution, and use of cigarettes in this state, in the following amounts, except as hereinafter otherwise provided, for cigarettes of standard dimensions:
- (a) Upon all cigarettes weighing not more than 3 pounds per thousand, $50 \ 16.95$ mills on each cigarette.
- (b) Upon all cigarettes weighing more than 3 pounds per thousand and not more than 6 inches long, $\underline{133.9}$ $\underline{33.9}$ mills on each cigarette.
- (c) Upon all cigarettes weighing more than 3 pounds per thousand and more than 6 inches long, $\underline{267.8}$ $\underline{67.8}$ mills on each cigarette.
- (2) The description of cigarettes contained in paragraphs (a), (b), and (c) of subsection (1) are hereby declared to be standard as to dimensions for taxing purposes as provided in this law and should any cigarette be received, purchased, possessed, sold, offered for sale, given away, or used of a size other than of standard dimensions, the same shall be taxed at the rate of 4.16 1.41 cents on each such cigarette.

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- (3) When cigarettes as described in paragraph (1)(a) are packed in varying quantities of 20 cigarettes or less, except manufacturer's free samples authorized under s. 210.04(9), the following rate shall govern:
- (a) Packages containing 10 cigarettes or less require a $\underline{50\text{-cent}}$ $\underline{16.95}$ cent tax.
- (b) Packages containing more than 10 but not more than 20 cigarettes require a 133.9-cent tax.
- (4) When cigarettes as described in paragraph (1)(b) are packed in varying quantities of 20 cigarettes or less, except manufacturer's free samples authorized under s. 210.04(9), the following rates shall govern:
- (a) Packages containing 10 cigarettes or less require a 133.9-cent 33.9 cent tax.
 - (b) Packages containing more than 10 but not more than 20 cigarettes require a <u>267.8-cent</u> 67.8 cent tax.
- (5) When cigarettes as described in paragraph (1)(c) are packed in varying quantities of 20 cigarettes or less, except manufacturer's free samples authorized under s. 210.04(9), the following rates shall govern:
- (a) Packages containing 10 cigarettes or less require a <u>267.8-cent</u> tax.
- (b) Packages containing more than 10 but not more than 20 cigarettes require a $\frac{400-\text{cent}}{135.6}$ cent tax.
- (6) This tax shall be paid by the dealer to the division for deposit and distribution as hereinafter provided upon the first sale or transaction within the state, whether or not such sale or transfer be to the ultimate purchaser or consumer. The seller or dealer shall collect the tax from the purchaser or consumer, and the purchaser or consumer shall pay the tax to the seller. The seller or dealer shall be

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responsible for the collection of the tax and the payment of 2 the same to the division. All taxes are due not later than the 10th day of the month following the calendar month in which 3 they were incurred, and thereafter shall bear interest at the 4 rate of 1 percent per month. If the amount of tax due for a 5 given period is assessed without allocating it to any particular month, the interest shall begin with the date of 8 the assessment. Whenever cigarettes are shipped from outside 9 the state to anyone other than a distributing agent or wholesale dealer, the person receiving the cigarettes shall be 10 responsible for the tax on said cigarettes and the payment of 11 12 same to the division.

- (7) It is the legislative intent that the tax on cigarettes shall be uniform throughout the state.
- Section 3. Subsection (10) of section 210.18, Florida

 16 Statutes, is amended to read:
- 210.18 Penalties for tax evasion; reports by sheriffs.--
 - (10) It is unlawful to sell or possess with the intent to sell counterfeit cigarettes, as defined in $\underline{s.\ 210.01(23)}\ \underline{s.}$ $\underline{210.01(22)}$.
- (a) A person who does not hold a permit or holds a retail permit under the provisions of this chapter and who violates this subsection commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084, and is subject to the imposition of fines and
- 26 7/5.084, and is subject to the imposition of fines and 27 additional penalties as follows:
- 1. If the quantity of counterfeit cigarettes sold or possessed with the intent to sell is less than two cartons or the equivalent, the fine for a first violation shall not exceed \$1,000 or five times the retail value of the

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counterfeit cigarettes, whichever is greater. A subsequent violation may result in the imposition of a fine not to exceed \$5,000 or five times the retail value of the counterfeit cigarettes, whichever is greater, and shall result in revocation of the retail permit by the division.

- 2. If the quantity of counterfeit cigarettes sold or possessed with the intent to sell is two cartons or more or the equivalent, the fine for a first violation shall not exceed \$2,000 or five times the retail value of the counterfeit cigarettes, whichever is greater. A subsequent violation may result in the imposition of a fine not to exceed \$50,000 or five times the retail value of the counterfeit cigarettes, whichever is greater, and shall result in revocation of the retail permit by the division.
- (b) A person who holds a permit, other than a retail permit, under the provisions of this chapter and who violates this subsection commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084, and is subject to the imposition of fines and additional penalties as follows:
- 1. If the quantity of counterfeit cigarettes sold or possessed with the intent to sell is less than 10 cartons or the equivalent, the fine for a first violation shall not exceed \$1,000 or five times the retail value of the counterfeit cigarettes, whichever is greater. A subsequent violation may result in the imposition of a fine not to exceed \$5,000 or five times the retail value of the counterfeit cigarettes, whichever is greater, and shall result in revocation of the permit by the division.
- 2. If the quantity of counterfeit cigarettes sold or possessed with the intent to sell is 10 cartons or more or the

equivalent, the fine for a first violation shall not exceed \$2,000 or five times the retail value of the counterfeit cigarettes, whichever is greater. A subsequent violation may result in the imposition of a fine not to exceed \$50,000 or five times the retail value of the counterfeit cigarettes, whichever is greater, and shall result in revocation of the permit by the division.

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For purposes of this subsection, any counterfeit cigarettes seized by the division shall be destroyed.

Section 4. Subsection (2) of section 210.20, Florida Statutes, is amended to read:

210.20 Employees and assistants; distribution of funds.--

- (2) As collections are received by the division from such cigarette taxes, it shall pay the same into a trust fund in the State Treasury designated "Cigarette Tax Collection Trust Fund" which shall be paid and distributed as follows:
- (a) The division shall from month to month certify to the Chief Financial Officer the amount derived from the cigarette tax imposed by s. 210.02, less the service charges provided for in s. 215.20 and less 0.9 percent of the amount derived from the cigarette tax imposed by s. 210.02, which shall be deposited into the Alcoholic Beverage and Tobacco Trust Fund, specifying the amounts to be transferred from the Cigarette Tax Collection Trust Fund and credited on the basis of 1.8405 2.9 percent of the net collections to the Revenue Sharing Trust Fund for Counties, 17.779 and 29.3 percent of the net collections for the funding of indigent health care to the Public Medical Assistance Trust Fund, 7.6687 percent of the net collections for the funding of a system of trauma

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centers as prescribed in s. 395.4025, 7.6687 percent of the net revenue collections for the funding of a state children's health insurance program as determined by the Legislature, and 40 percent of the net collections for Medicaid obligations as determined by the Legislature.

(b)1. Beginning <u>July 1, 2007</u> January 1, 1999, and continuing through June 30, 2016 for 10 years thereafter, the division shall from month to month certify to the Chief Financial Officer the amount derived from the cigarette tax imposed by s. 210.02, less the service charges provided for in s. 215.20 and less 0.9 percent of the amount derived from the cigarette tax imposed by s. 210.02, which shall be deposited into the Alcoholic Beverage and Tobacco Trust Fund, specifying an amount equal to 1.5157 2.59 percent of the net collections, and that amount shall be paid to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute. established under s. 1004.43, by warrant drawn by the Chief Financial Officer upon the State Treasury. These funds, which are separate and distinct from the funds earmarked for the council in paragraph (c), are hereby appropriated monthly out of the Cigarette Tax Collection Trust Fund, to be used for the purpose of constructing, furnishing, and equipping a cancer research facility at the University of South Florida adjacent to the H. Lee Moffitt Cancer Center and Research Institute. In fiscal years 1999 2000 and thereafter with the exception of fiscal year 2008 2009, the appropriation to the II. Lee Moffitt Cancer Center and Research Institute authorized by this subparagraph shall not be less than the amount that would have been paid to the H. Lee Moffitt Cancer Center and Research Institute for fiscal year 1998 1999 had payments been made for

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the entire fiscal year rather than for a 6 month period thereof.

Beginning July 1, 2002, and continuing through June 30, 2004, the division shall, in addition to the distribution authorized in subparagraph 1., from month to month certify to the Chief Financial Officer the amount derived from the cigarette tax imposed by s. 210.02, less the service charges provided for in s. 215.20 and less 0.9 percent of the amount derived from the cigarette tax imposed by s. 210.02, which shall be deposited into the Alcoholic Beverage and Tobacco Trust Fund, specifying an amount equal to 0.2632 percent of the net collections, and that amount shall be paid to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute, established under s. 1004.43, by warrant drawn by the Chief Financial Officer. Beginning July 1, 2004, and continuing through June 30, 2016, the division shall, in addition to the distribution authorized in subparagraph 1., from month to month certify to the Chief Financial Officer the amount derived from the cigarette tax imposed by s. 210.02, less the service charges provided for in s. 215.20 and less 0.9 percent of the amount derived from the cigarette tax imposed by s. 210.02, which shall be deposited into the Alcoholic Beverage and Tobacco Trust Fund, specifying an amount equal to 1.47 percent of the net collections, and that amount shall be paid to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute, established under s. 1004.43, by warrant drawn by the Chief Financial Officer. These funds are appropriated monthly out of the Cigarette Tax Collection Trust Fund, to be used for the purpose of constructing, furnishing, and equipping a cancer research facility at the University of South Florida adjacent

to the H. Lee Moffitt Cancer Center and Research Institute. In 2 the 2007-2008 fiscal years 2004 2005 and thereafter, the appropriation to the H. Lee Moffitt Cancer Center and Research 3 Institute authorized by this paragraph may subparagraph shall 4 not be less than the amount that would have been paid to the 5 6 H. Lee Moffitt Cancer Center and Research Institute in the 7 2005-2006 fiscal year pursuant to 2001 2002, had this 8 paragraph subparagraph been in effect. 9 (c)1. Beginning July 1, 2007, and continuing for 5 10 years thereafter, the division shall from month to month certify to the Chief Financial Officer the amount derived from 11 12 the cigarette tax imposed by s. 210.02, less the service charges provided for in this section and less 0.9 percent of 13 the amount derived from the cigarette tax imposed by s. 14 210.02, which shall be deposited into the Alcoholic Beverage 15 and Tobacco Trust Fund, specifying an amount equal to 0.9671 16 percent of the net collections, and that amount shall be 18 deposited into the Biomedical Research Trust Fund for the use of the Florida Cancer Council established under s. 381.92, by 19 warrant drawn by the Chief Financial Officer upon the State 2.0 21 Treasury. These funds are appropriated monthly out of the 2.2 Cigarette Tax Collection Trust Fund and shall be used for the 23 purposes prescribed in s. 381.921 as they relate to the attraction, recruitment, and employment of experts in the 2.4 field of cancer research, with emphasis given to researchers 2.5 who will generate increased federal research funds directed to 26 27 institutions in this state. In the 2007-2008 fiscal year 2.8 through the 2011-2012 fiscal year, the appropriation to the Florida Cancer Council authorized by this subparagraph may not 29 30 be less than the amount that would have been distributed to

the Florida Cancer Council in the 2005-2006 fiscal year had 2 this subparagraph been in effect. 2. Beginning July 1, 2007, and continuing for 5 years 3 4 thereafter, the division shall from month to month certify to 5 the Chief Financial Officer the amount derived from the cigarette tax imposed by s. 210.02, less the service charges 6 7 provided for in this section and less 0.9 percent of the 8 amount derived from the cigarette tax imposed by s. 210.02, which shall be deposited into the Alcoholic Beverage and 9 10 Tobacco Trust Fund, specifying an amount equal to 2.9013 percent of the net collections, and that amount shall be 11 12 deposited into the Biomedical Research Trust Fund for the use 13 of the Florida Cancer Council established under s. 381.92, by warrant drawn by the Chief Financial Officer upon the State 14 Treasury. These funds are appropriated monthly out of the 15 Cigarette Tax Collection Trust Fund and shall be used for the 16 purposes prescribed in s. 381.921 as they relate to 18 institutions in this state providing operational support, including appropriate equipment as determined by the council. 19 In the 2007-2008 fiscal year through the 2009-2010 fiscal 2.0 21 year, the appropriation to the Florida Cancer Council 2.2 authorized by this subparagraph may not be less than the 23 amount that would have been distributed to the Florida Cancer Council in the 2005-2006 fiscal year had this subparagraph 2.4 been in effect. 2.5 Beginning July 1, 2009, and continuing for 15 years 26 2.7 thereafter, the division shall from month to month certify to 2.8 the Chief Financial Officer the amount derived from the cigarette tax imposed by s. 210.02, less the service charges 29 provided for in this section and less 0.9 percent of the 30 amount derived from the cigarette tax imposed by s. 210.02, 31

1	which shall be deposited into the Alcoholic Beverage and
2	Tobacco Trust Fund, specifying an amount equal to 2.2436
3	percent of the net collections, and that amount shall be
4	deposited into the Biomedical Research Trust Fund for the use
5	of the Florida Cancer Council established under s. 381.92, by
6	warrant drawn by the Chief Financial Officer upon the State
7	Treasury. These funds are appropriated monthly out of the
8	Cigarette Tax Collection Trust Fund and shall be used for
9	capital expenditures as they relate to the purposes prescribed
10	in s. 381.921. In the 2007-2008 fiscal year through the
11	2021-2022 fiscal year, the appropriation to the Florida Cancer
12	Council authorized by this subparagraph may not be less than
13	the amount that would have been distributed to the Florida
14	Cancer Council in the 2003-2004 fiscal year had this
15	subparagraph been in effect.
16	Section 5. Section 210.202, Florida Statutes, is
17	created to read:
18	212.202 Florida Cancer Council; expenditure of
19	cigarette tax proceeds; bonding authority
20	(1) The Florida Cancer Council established in s.
21	381.92 shall use the cigarette tax collections distributed to
22	the council pursuant to s. 210.20(2)(c) for the purposes
23	enumerated in s. 381.921. Any capital construction projects
24	granted by the council pursuant to s. 210.20(2)(c)3. must be
25	approved by the Governor and Cabinet.
26	(2) The net cigarette tax collections received by the
27	council may be used to secure financing for capital projects
28	at institutions in this state approved by the council in the
29	peer-reviewed competitive process prescribed in s. 381.921 and
30	authorized by the Governor and Cabinet pursuant to subsection
31	(1). Such financing may include the issuance of tax-exempt

Т	bonds by a local authority, municipality, or county pursuant
2	to parts II and III of chapter 159. Such bonds do not
3	constitute state bonds for purposes of s. 11, Art. VII of the
4	State Constitution, but constitute bonds of a local agency as
5	<u>defined in s. 159.27(4).</u>
6	Section 6. Section 381.921, Florida Statutes, is
7	amended to read:
8	381.921 Florida Cancer Council mission and duties
9	(1) The council, which shall work in concert with the
10	Florida Center for Universal Research to Eradicate Disease to
11	ensure that the goals of the center are advanced, shall
12	endeavor to dramatically improve cancer research and treatment
13	in this state through:
14	$\frac{(a)}{(1)}$ Efforts to significantly expand cancer research
15	capacity in the state by:
16	$\frac{1.(a)}{a}$ Identifying ways to attract new research talent
17	and attendant national grant-producing researchers to cancer
18	research facilities in this state;
19	2.(b) Implementing a peer-reviewed, competitive
20	process to identify and fund the best proposals to expand
21	cancer research institutes in this state;
22	3.(e) Funding through available resources for those
23	proposals that demonstrate the greatest opportunity to attract
24	federal research grants and private financial support;
25	4.(d) Encouraging the employment of bioinformatics in
26	order to create a cancer informatics infrastructure that
27	enhances information and resource exchange and integration
28	through researchers working in diverse disciplines, to
29	facilitate the full spectrum of cancer investigations;
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1	5.(e) Facilitating the technical coordination,
2	business development, and support of intellectual property as
3	it relates to the advancement of cancer research; and
4	6.(f) Aiding in other multidisciplinary
5	research-support activities as they inure to the advancement
6	of cancer research.
7	$\underline{\text{(b)}}$ Efforts to improve both research and treatment
8	through greater participation in clinical trials networks by:
9	$\frac{1.(a)}{}$ Identifying ways to increase adult enrollment in
10	cancer clinical trials;
11	2.(b) Supporting public and private professional
12	education programs designed to increase the awareness and
13	knowledge about cancer clinical trials;
14	3.(e) Providing tools to cancer patients and
15	community-based oncologists to aid in the identification of
16	cancer clinical trials available in the state; and
17	4.(d) Creating opportunities for the state's academic
18	cancer centers to collaborate with community-based oncologists
19	in cancer clinical trials networks.
20	(c) (3) Efforts to reduce the impact of cancer on
21	disparate groups by:
22	$\frac{1.(a)}{a}$ Identifying those cancers that
23	disproportionately impact certain demographic groups; and
24	2.(b) Building collaborations designed to reduce
25	health disparities as they relate to cancer.
26	(2) The council may award grants using a peer-reviewed
27	competitive process from the funds generated in s.
28	210.20(2)(c) or funds allocated from other sources to execute
29	the purposes set forth in this section. The council, where
30	possible, shall give preference to proposals that promote
31	collaborative efforts between institutions and facilities in

this state to advance cancer research, as well as to detect and treat cancer. Section 7. This act shall take effect July 1, 2007. SENATE SUMMARY Revises the amount of the excise or privilege tax on cigarettes. Revises the manner in which collections received from cigarette taxes are paid into various trust funds. Requires the Florida Cancer Council to use collections from cigarette taxes in a certain manner. Requires the approval of the Governor and the Cabinet for capital construction projects granted by the council. Authorizes the use of net cigarette tax collections to secure financing for capital projects. Authorizes the issuance of certain tax-exempt bonds for such financing. Authorizes the council to award funds.