

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 931

Short Title: Raise Cigarette Tax for Medicaid.

(Public)

Sponsors: Senator Clodfelter.

Referred to: Finance.

March 24, 2005

A BILL TO BE ENTITLED

1 AN ACT TO RAISE THE EXCISE TAX ON CIGARETTES AND TO PHASE OUT
2 THE COUNTY SHARE OF MEDICAID COSTS.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-113.5 reads as rewritten:

5 **"§ 105-113.5. Tax on cigarettes.**

6 A tax is levied on the sale or possession for sale in this State, by a distributor, of all
7 cigarettes at the rate of ~~two and one-half mills~~ three and three-quarters cents (3.75¢) per
8 individual cigarette."
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10 **SECTION 2.** Notwithstanding any other provision of law to the contrary,
11 effective July 1, 2005, the State shall pay one hundred percent (100%) of the nonfederal
12 share of nonadministrative costs under the Medical Assistance Program for all counties
13 that were designated as enterprise tier one, two, and three for fiscal year 2005. Effective
14 July 1, 2006, the State shall pay one hundred percent (100%) of the nonfederal share of
15 nonadministrative costs under the Medical Assistance Program for all counties that were
16 designated as enterprise tier counties for fiscal year 2006. Effective July 1, 2007, the
17 State shall pay one hundred percent (100%) of the nonfederal share of
18 nonadministrative costs under the Medical Assistance Program for all counties. For the
19 purposes of this section, "enterprise tier" has the same meaning as under
20 G.S. 105-129.2.

21 **SECTION 3.** Effective July 1, 2007, G.S. 108A-54 reads as rewritten:

22 **"§ 108A-54. Authorization of Medical Assistance Program.**

23 The Department is authorized and empowered to establish a Medical Assistance
24 Program from ~~federal, State and county~~ federal and State appropriations and to adopt
25 rules and regulations under which payments are to be made in accordance with the
26 provisions of this Part. ~~The nonfederal share may be divided between the State and the~~
27 ~~counties, in a manner consistent with the provisions of the federal Social Security Act,~~
28 ~~except that the share required from the counties may not exceed the share required from~~
29 ~~the state. If a portion of the nonfederal share is required from the counties, the boards of~~

1 ~~county commissioners of the several counties shall levy, impose and collect the taxes~~
2 ~~required for the special purpose of medical assistance as provided in this Part, in an~~
3 ~~amount sufficient to cover each county's share of such assistance."~~

4 **SECTION 4.** Except as otherwise provided, this act becomes effective
5 July 1, 2005.