

GENERAL ASSEMBLY OF NORTH CAROLINA  
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40531-MCx-23A (01/13)

Short Title: Excise Tax Increases for Substance Abuse. (Public)

Sponsors: Representative C. Graham.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO INCREASE CERTAIN EXCISE TAXES TO PROVIDE FUNDING FOR  
3 SUBSTANCE USE PROGRAMS AND SERVICES.

4 Whereas, there have been over 1,400 deaths due to drug overdose in 2015 in North  
5 Carolina; and

6 Whereas, in 2014, the number of drug overdoses was 50% greater than the number  
7 of persons killed in motor vehicle accidents; and

8 Whereas, there have been 11,551 hospitalizations due to drug overdose in 2012 in  
9 North Carolina, including 3,560 due to heroin; and

10 Whereas, there have been 20,981 emergency department visits in 2012 in North  
11 Carolina due to drug overdose; and

12 Whereas, 80% of heroin users start with prescription painkillers; and

13 Whereas, the number of persons receiving treatment services for heroin in 2013 is  
14 nearly double the number from 1997; and

15 Whereas, the North Carolina health care costs in 2011 associated with opioid abuse  
16 was approximately \$582,486,663; Now, therefore,  
17 The General Assembly of North Carolina enacts:

18 **SECTION 1.** G.S. 105-113.35 reads as rewritten:

19 "**§ 105-113.35. Tax on tobacco products other than cigarettes.**

20 (a) Tax on Tobacco Products. – An excise tax is levied on tobacco products at the rate  
21 of ~~twelve and eight-tenths percent (12.8%)~~ fifteen percent (15%) of the cost price of the  
22 products. The tax rate does not apply to the following:

23 (1) Cigarettes subject to the tax in G.S. 105-113.5.

24 (2) Vapor products subject to the tax in subsection (a1) of this section.

25 (a1) Tax on Vapor Products. – An excise tax is levied on vapor products at the rate of  
26 ~~five cents (5¢)~~ seven cents (7¢) per fluid milliliter of consumable product. All invoices for  
27 vapor products issued by manufacturers must state the amount of consumable product in  
28 milliliters.

29 ...

30 (e) Use. – Of the funds collected pursuant to this section, the Secretary shall deposit to  
31 the General Fund an amount equal to twelve and eight-tenths percent (12.8%) of the cost price  
32 of the products taxed pursuant to subsection (a) of this section and an amount equal to five  
33 cents (5¢) per fluid milliliter of consumable product pursuant to subsection (a1) of this section.  
34 The Secretary shall remit the remainder of the funds to the Division of Mental Health,  
35 Developmental Disabilities, and Substance Abuse Services in the Department of Health and  
36 Human Services for supporting the provision of substance use programs and services."



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1           **SECTION 2.** G.S. 105-113.5 reads as rewritten:

2   "**§ 105-113.5. Tax on cigarettes.**

3       (a) Rate. – A tax is levied on the sale or possession for sale in this State, by a  
4 distributor, of all cigarettes at the rate of ~~two and one-fourth cents (2.25¢)~~ three cents (3¢) per  
5 individual cigarette.

6       (b) Use. – After accounting for discounts and refunds permitted pursuant to this Part, of  
7 the funds collected pursuant to this section, the Secretary shall deposit to the General Fund an  
8 amount equal to two and one-fourth cents (2.25¢) per individual cigarette pursuant to  
9 subsection (a) of this section. The Secretary shall remit the remainder of the funds to the  
10 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in the  
11 Department of Health and Human Services for supporting the provision of substance use  
12 programs and services."

13           **SECTION 3.** G.S. 105-113.80(a) reads as rewritten:

14       (a) Beer. – An excise tax of ~~sixty one and seventy one hundredths cents (61.71¢)~~  
15 seventy cents (70¢) per gallon is levied on the sale of malt beverages."

16           **SECTION 4.** Part 4 of Article 2C of Subchapter I of Chapter 105 of the General  
17 Statutes is amended by adding a new section to read:

18   "**§ 105-113.82A. Use.**

19       After accounting for discounts, refunds, and distributions required pursuant to this Part, of  
20 the funds collected pursuant to G.S. 105-113.80(a), the Secretary shall deposit to the General  
21 Fund an amount equal to sixty-one and seventy-one hundredths cents (61.71¢) per gallon levied  
22 on the sale of malt beverages. The Secretary shall remit the remainder of the funds to the  
23 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in the  
24 Department of Health and Human Services for supporting the provision of substance use  
25 programs and services."

26           **SECTION 5.** G.S. 105-113.35, as amended by Section 1 of this act, reads as  
27 rewritten:

28   "**§ 105-113.35. Tax on tobacco products other than cigarettes.**

29       (a) Tax on Tobacco Products. – An excise tax is levied on tobacco products at the rate  
30 of ~~fifteen percent (15%)~~ twelve and eight-tenths percent (12.8%) of the cost price of the  
31 products. The tax rate does not apply to the following:

32           (1) Cigarettes subject to the tax in G.S. 105-113.5.

33           (2) Vapor products subject to the tax in subsection (a1) of this section.

34       (a1) Tax on Vapor Products. – An excise tax is levied on vapor products at the rate of  
35 ~~seven cents (7¢)~~ five cents (5¢) per fluid milliliter of consumable product. All invoices for  
36 vapor products issued by manufacturers must state the amount of consumable product in  
37 milliliters.

38       ...

39       ~~(e) Use.—Of the funds collected pursuant to this section, the Secretary shall deposit to~~  
40 ~~the General Fund an amount equal to twelve and eight tenths percent (12.8%) of the cost price~~  
41 ~~of the products taxed pursuant to subsection (a) of this section and an amount equal to five~~  
42 ~~cents (5¢) per fluid milliliter of consumable product pursuant to subsection (a1) of this section.~~  
43 ~~The Secretary shall remit the remainder of the funds to the Division of Mental Health,~~  
44 ~~Developmental Disabilities, and Substance Abuse Services in the Department of Health and~~  
45 ~~Human Services for supporting the provision of substance use programs and services."~~

46           **SECTION 6.** G.S. 105-113.5, as amended by Section 2 of this act, reads as  
47 rewritten:

48   "**§ 105-113.5. Tax on cigarettes.**

49       (a) Rate.—A tax is levied on the sale or possession for sale in this State, by a  
50 distributor, of all cigarettes at the rate of ~~three cents (3¢)~~ two and one-fourth cents (2.25¢) per  
51 individual cigarette.

1        ~~(b) Use.—After accounting for discounts and refunds permitted pursuant to this Part, of~~  
2 ~~the funds collected pursuant to this section, the Secretary shall deposit to the General Fund an~~  
3 ~~amount equal to two and one-fourth cents (2.25¢) per individual cigarette pursuant to~~  
4 ~~subsection (a) of this section. The Secretary shall remit the remainder of the funds to the~~  
5 ~~Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in the~~  
6 ~~Department of Health and Human Services for supporting the provision of substance use~~  
7 ~~programs and services."~~

8            **SECTION 7.** G.S. 105-113.80(a), as amended by Section 3 of this act, reads as  
9 rewritten:

10        "(a) Beer. — An excise tax of ~~seventy cents (70¢)~~sixty-one and seventy-one hundredths  
11 cents (61.71¢) per gallon is levied on the sale of malt beverages."

12            **SECTION 8.** G.S. 105-113.82A, as enacted by Section 4 of this act, is repealed.

13            **SECTION 9.** Sections 1, 2, 3, and 4 of this act become effective July 1, 2017.  
14 Sections 5, 6, 7, and 8 of this act become effective July 1, 2019. The remainder of this act is  
15 effective when it becomes law.