

**138.140 State tax and surtax on sale of cigarettes -- Excise tax on wholesalers of other tobacco products -- Tax on wholesalers of snuff -- Excise tax on sale of cigarette papers at wholesale -- Rates -- General Assembly's recognition of effect of increased tobacco taxes on public health.**

- (1) A tax shall be paid on the sale of cigarettes within the state at a proportionate rate of three cents (\$0.03) on each twenty (20) cigarettes.
- (2) Effective April 1, 2009, a surtax shall be paid in addition to the tax levied in subsection (1) of this section at a proportionate rate of fifty-six cents (\$0.56) on each twenty (20) cigarettes. This tax shall be paid only once, at the same time the tax imposed by subsection (1) of this section is paid.
- (3) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in subsection (1) of this section and in addition to the surtax levied by subsection (2) of this section, at a proportionate rate of one cent (\$0.01) on each twenty (20) cigarettes. This tax shall be paid at the same time the tax imposed by subsection (1) of this section and the surtax imposed by subsection (2) of this section are paid. The revenues from this surtax shall be deposited in the cancer research institutions matching fund created in KRS 164.043.
- (4) Effective April 1, 2009, an excise tax shall be imposed upon all wholesalers of other tobacco products at the rate of fifteen percent (15%) of the gross receipts of any wholesaler derived from wholesale sales made within the Commonwealth.
- (5) Effective April 1, 2009, a tax shall be imposed upon all wholesalers of snuff at a rate of nineteen cents (\$0.19) per unit. As used in this section, "unit" means a hard container not capable of containing more than one and one-half (1-1/2) ounce. In determining the quantity subject to the tax under this subsection, if a package on which the tax is levied contains more than an individual unit, the taxable quantity shall be calculated by multiplying the total number of individual units by the rate set in this subsection.
- (6)
  - (a) Effective June 1, 2006, every person licensed under KRS 138.195 to affix tax evidence, every wholesaler required to pay the tax imposed by subsection (4) of this section, and every other person selling cigarette paper at wholesale in this state shall pay an excise tax on the sale of cigarette paper.
  - (b) The tax shall be in the amount of twenty-five cents (\$0.25) per package of thirty-two (32) sheets. For packages of greater or less than thirty-two (32) sheets, the tax shall be calculated at seventy-eight ten-thousandths of one cent (\$0.0078) per sheet.
  - (c) The tax shall be remitted to the Department of Revenue at the same time and in the same manner as the tax imposed in subsection (4) of this section.
- (7) The taxes imposed by subsections (1) to (6) of this section shall be paid only once, regardless of the number of times the cigarettes, other tobacco product, snuff, or cigarette papers may be sold.
- (8) The department may prescribe forms and promulgate administrative regulations to execute and administer the provisions of this section.

- (9) The General Assembly recognizes that increasing taxes on tobacco products should reduce consumption, and therefore result in healthier lifestyles for Kentuckians. The relative taxes on tobacco products proposed in this section reflect the growing data from scientific studies suggesting that although smokeless tobacco poses some risks, those health risks are significantly less than the risks posed by other forms of tobacco products. Moreover, the General Assembly acknowledges that some in the public health community recognize that tobacco harm reduction should be a complementary public health strategy regarding tobacco products. Taxing tobacco products according to relative risk is a rational tax policy and may well serve the public health goal of reducing smoking-related mortality and morbidity and lowering health care costs associated with tobacco-related disease.

**Effective:** February 13, 2009

**History:** Amended 2009 Ky. Acts ch. 2, sec. 1, effective February 13, 2009. -- Amended 2006 Ky. Acts ch. 251, secs. 49, 50, and 51, effective April 25, 2006; ch. 252, Pt. XXXII, sec. 2, effective April 25, 2006; and ch. 252, Pt. XXXIII, sec. 2, effective April 25, 2006. -- Amended 2005 Ky. Acts ch. 168, sec. 81, effective June 1, 2005; and ch. 173, Pt. XXV, sec. 1, effective March 20, 2005. -- Amended 1976 Ky. Acts ch. 155, sec. 2. -- Amended 1970 Ky. Acts ch. 255, sec. 4. -- Amended 1962 Ky. Acts ch. 92, sec. 2. -- Amended 1960 Ky. Acts ch. 5, Art. IV, sec. 5. -- Amended 1954 Ky. Acts ch. 77, sec. 1. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 4281e-2, 4281e-3, 4281e-4, 4281e-10, 4281e-11.

**Legislative Research Commission Note** (4/25/2006). This section was amended by 2006 Ky. Acts ch. 252, Pt. XXXII, sec. 2, and Pt. XXXIII, sec. 2; and ch. 251, secs. 49, 50, and 51, which specifically amend this statute as it appears in Section 2 of Part XXXIII of 2006 Regular Session HB 380/EN.