

101ST CONGRESS
2D SESSION

H. R. 5448

To amend the Internal Revenue Code of 1986 to impose an additional occupational tax on manufacturers and importers of cigarettes and to provide that the amounts collected under this tax be used to reimburse the medicare and medicaid programs for providing care and treatment for smoking-related cancers, circulatory system diseases, and respiratory system diseases.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1990

Mr. STARK (for himself, Mr. DURBIN, Mr. WHITTAKER, Mr. ANDREWS, Mrs. BOXER, Mrs. COLLINS, Mr. LAFALCE, Mr. NIELSON of Utah, and Mr. BATES) introduced the following bill; which was referred jointly to the Committees on Ways and Means and Energy and Commerce

A BILL

To amend the Internal Revenue Code of 1986 to impose an additional occupational tax on manufacturers and importers of cigarettes and to provide that the amounts collected under this tax be used to reimburse the medicare and medicaid programs for providing care and treatment for smoking-related cancers, circulatory system diseases, and respiratory system diseases.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the "Medicare-Medicaid
3 Reimbursement Act of 1990".

4 SEC. 2. IMPOSITION OF ADDITIONAL TAX ON MANUFACTUR-
5 ERS AND IMPORTERS OF CIGARETTES.

6 (a) IN GENERAL.—Subchapter D of chapter 52 of the
7 Internal Revenue Code of 1986 is amended by adding at the
8 end thereof the following new section:

9 'SEC. 5732. ADDITIONAL TAX ON MANUFACTURERS AND IM-
10 PORTERS OF CIGARETTES.

11 "(a) GENERAL RULE.—There is hereby imposed, for
12 each calendar year, on each person engaged in business as a
13 manufacturer or importer of cigarettes during the preceding
14 calendar year, a tax equal to—

15 "(1) the amount of smoking-related medical costs
16 (as determined under subsection (b)), multiplied by

17 "(2) the percentage (as determined by the Secre-
18 tary) of the total amount of cigarettes sold during the
19 preceding year for consumption in the United States
20 which were manufactured or imported by such person.

21 "(b) SMOKING-RELATED MEDICAL COSTS.—

22 "(1) PERIOD BEGINNING AFTER DECEMBER 31,
23 1990.—With respect to the 3-year period beginning
24 after December 31, 1990, the smoking-related medical
25 costs shall be \$4,200,000,000 for each year in such
26 period.

1 “(2) PERIOD BEGINNING AFTER DECEMBER 31,
2 1993.--With respect to each 3-year period beginning
3 after December 31, 1993, the smoking-related medical
4 costs for each year in any such period shall be the
5 amount determined by the Secretary, after consultation
6 with the Secretary of Health and Human Services, to
7 be equal to—

8 “(A) the average annual amount estimated to
9 have been expended for the care and treatment of
10 smoking-related cancers, circulatory system dis-
11 eases, and respiratory diseases under parts A and
12 B of title XVIII of the Social Security Act; and

13 “(B) the average annual amount of estimated
14 Federal expenditures under title XIX of the
15 Social Security Act for such cancers and diseases;
16 during the three years preceding the period for which
17 the determination is being made under this paragraph.

18 “(c) PAYMENT OF TAX.—The tax imposed under this
19 section shall be paid in 4 equal installments on the following
20 dates:

21 “(1) April 15 of the calendar year for which the
22 tax is imposed;

23 “(2) June 15 of the calendar year for which the
24 tax is imposed;

1 “(k) There are hereby appropriated to the Trust Fund
2 for each calendar year beginning with calendar year 1991,
3 out of any moneys in the Treasury not otherwise appropri-
4 ated, amounts equivalent to—

5 “(1) in the case of calendar years 1991, 1992,
6 and 1993, \$2,100,000,000 for each such year; and

7 “(2) in the case of calendar year 1994 and each
8 calendar year thereafter, a percentage (as determined
9 by the Secretary) of the taxes imposed by section 5732
10 of the Internal Revenue Code of 1986 which repre-
11 sents the percentage of the total smoking-related medi-
12 cal costs (as determined under section 5732(b) of such
13 Code) which are allocable to the Federal Hospital In-
14 surance Trust Fund in making determinations under
15 subsection (b)(2)(A) of such section.

16 The amounts appropriated by the preceding sentence shall be
17 transferred from time to time from the general fund in the
18 Treasury to the Trust Fund, such amounts to be determined
19 on the basis of estimates by the Secretary of the Treasury of
20 the taxes, specified in the preceding sentence, paid to or de-
21 posited into the Treasury. Proper adjustments shall be made
22 in amounts subsequently transferred to the extent prior esti-
23 mates were in excess of or were less than the taxes specified
24 in the preceding sentence.”.

1 (b) PORTION OF INCREASE IN REVENUES TO FEDERAL
2 SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND.—
3 Section 1844 of the Social Security Act (42 U.S.C. 1395w)
4 is amended by adding at the end the following new sub-
5 section:

6 “(c)(1) There are hereby appropriated to the Federal
7 Supplementary Medical Insurance Trust Fund for each calen-
8 dar year beginning with calendar year 1991, out of any
9 moneys in the Treasury not otherwise appropriated, amounts
10 equivalent to—

11 “(A) in the case of calendar years 1991, 1992,
12 and 1993, \$1,400,000,000 for each such year; and

13 “(B) in the case of calendar year 1994 and each
14 calendar year thereafter, a percentage (as determined
15 by the Secretary) of the taxes imposed by section 5732
16 of the Internal Revenue Code of 1986 which repre-
17 sents the percentage of the total smoking-related medi-
18 cal costs (as determined under section 5732(b) of such
19 Code) which are allocable to the Federal Supplementa-
20 ry Medical Insurance Trust Fund in making determina-
21 tions under subsection (b)(2)(A) of such section.

22 “(2) The amounts appropriated by paragraph (1) shall
23 be transferred from time to time from the general fund in the
24 Treasury to the Trust Fund, such amounts to be determined
25 on the basis of estimates by the Secretary of the Treasury of

1 the taxes, specified in paragraph (1), paid to or deposited into
2 the Treasury. Proper adjustments shall be made in amounts
3 subsequently transferred to the extent prior estimates were in
4 excess of or were less than the taxes specified in paragraph
5 (1).”.

6 (c) PORTION OF INCREASE IN REVENUES TO MEDIC-
7 AID.—There is authorized to be appropriated to make Feder-
8 al expenditures under title XIX of the Social Security Act, in
9 addition to any other authorization of appropriation made for
10 such purposes by any other law, for each calendar year be-
11 ginning with calendar year 1991—

12 (1) in the case of calendar years 1991, 1992, and
13 1993, \$700,000,000 for each such year; and

14 (2) in the case of calendar year 1994 and each
15 calendar year thereafter, a percentage (as determined
16 by the Secretary) of the taxes imposed under section
17 5732 of the Internal Revenue Code of 1986 which
18 represents the percentage of total smoking-related
19 medical costs (as determined under section 5732(b) of
20 such Code) which are allocable to Federal expenditures
21 under title XIX of the Social Security Act in making
22 determinations under subsection (b)(2)(B) of such
23 section.

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