

99TH CONGRESS
1ST SESSION

H. R. 1508

To amend the Internal Revenue Code of 1954 to increase to 32 cents per pack the Federal excise tax on cigarettes and to provide that the revenues from such tax shall be divided among the general fund, the Federal Hospital Insurance Trust Fund under the Social Security Act, and research on tobacco-related diseases.

IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 1985

Mr. OBERSTAB 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 1954 to increase to 32 cents per pack the Federal excise tax on cigarettes and to provide that the revenues from such tax shall be divided among the general fund, the Federal Hospital Insurance Trust Fund under the Social Security Act, and research on tobacco-related 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. INCREASE IN FEDERAL EXCISE TAX ON ALL CIGA-
2 RETTES.

3 (a) IN GENERAL.—Subsection (b) of section 5701 of the
4 Internal Revenue Code of 1954 (relating to imposition of tax
5 on cigarettes) is amended—

6 (1) by striking out “\$8” in paragraph (1) and in-
7 serting in lieu thereof “\$16”, and

8 (2) by striking out “\$16.80” in paragraph (2) and
9 inserting in lieu thereof “\$33.60”.

10 (b) FLOOR STOCKS.—

11 (1) IMPOSITION OF TAX.—On cigarettes manu-
12 factured in or imported into the United States which
13 are removed before October 1, 1985, and held on such
14 date for sale by any person, there shall be imposed the
15 following taxes:

16 (A) SMALL CIGARETTES.—On cigarettes,
17 weighing not more than 3 pounds per thousand,
18 \$8 per thousand; and

19 (B) LARGE CIGARETTES.—On cigarettes,
20 weighing more than 3 pounds per thousand,
21 \$16.80 per thousand; except that, if more than 6
22 1/2 inches in length, they shall be taxable at the
23 rate prescribed for cigarettes weighing not more
24 than 3 pounds per thousand, counting each 2 3/4
25 inches, or fraction thereof, of the length of each
26 as one cigarette.

1 (2) LIABILITY FOR TAX AND METHOD OF PAY-
2 MENT.—

3 (A) LIABILITY FOR TAX.—A person holding
4 cigarettes on October 1, 1985, to which any tax
5 imposed by paragraph (1) applies shall be liable
6 for such tax.

7 (B) METHOD OF PAYMENT.—The tax im-
8 posed by paragraph (1) shall be treated as a tax
9 imposed under section 5701 of the Internal Reve-
10 nue Code of 1954 and shall be due and payable
11 on November 17, 1985, in the same manner as
12 the tax imposed under such section is payable
13 with respect to cigarettes removed on October 1,
14 1985.

15 (3) CIGARETTE.—For purposes of this subsection,
16 the term 'cigarette' shall have the meaning given to
17 such term by subsection (b) of section 5702 of the In-
18 ternal Revenue Code of 1954.

19 (4) EXCEPTION FOR RETAILERS.—The taxes im-
20 posed by paragraph (1) shall not apply to the cigarettes
21 in retail stocks held on October 1, 1985, at the place
22 where intended to be sold at retail.

23 (c) REPEAL OF RATE REDUCTION.—Subsection (c) of
24 section 283 of the Tax Equity and Fiscal Responsibility Act

1 (1) IN GENERAL.—Subchapter A of chapter 98 of
2 the Internal Revenue Code of 1954 (relating to Trust
3 Fund Code) is amended by adding at the end thereof
4 the following new section:

5 "SEC. 9505. TOBACCO-RELATED DISEASE RESEARCH TRUST
6 FUND.

7 "(a) CREATION OF TRUST FUND.—There is established
8 in the Treasury of the United States a trust fund to be known
9 as the 'Tobacco-Related Disease Research Trust Fund', con-
10 sisting of such amounts as may be appropriated or credited to
11 the Tobacco-Related Disease Research Trust Fund as pro-
12 vided in this section or section 9602(b).

13 "(b) TRANSFER TO TRUST FUND 1/4 OF CIGARETTE
14 TAXES.—There is hereby appropriated to the Tobacco-
15 related Disease Research Trust Fund amounts equivalent to
16 one-fourth of the taxes received in the Treasury under sec-
17 tion 5701(b) (relating to tax on cigarettes).

18 "(c) EXPENDITURES FROM RESEARCH TRUST
19 FUND.—Amounts in the Tobacco-Related Disease Research
20 Trust Fund shall be available, as provided by appropriation
21 Acts, to carry out research by the National Institutes of
22 Health on cancer, heart disease, and lung disease related to
23 the use of tobacco products."

1 (2) CLERICAL AMENDMENT.—The table of sec-
2 tions for such subchapter A is amended by adding at
3 the end thereof the following new item:

 "Sec. 9505. Tobacco-Related Disease Research Trust Fund."

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