

103^D CONGRESS
1ST SESSION

H. R. 3026

To amend the Internal Revenue Code of 1986 to increase the excise taxes on smokeless tobacco to an amount equivalent to the tax on cigarettes and to use the resulting revenues to fund a trust fund for programs to reduce the use of smokeless tobacco.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 8, 1993

Mrs. SCHROEDER (for herself, Mr. DURBIN, Mr. ANDREWS of Texas, Mr. SYNAR, and Ms. NORTON) 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 increase the excise taxes on smokeless tobacco to an amount equivalent to the tax on cigarettes and to use the resulting revenues to fund a trust fund for programs to reduce the use of smokeless tobacco.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Smokeless Tobacco
5 Consumption Reduction and Education Act of 1993”.

1 **SEC. 2. INCREASE IN TAXES ON SMOKELESS TOBACCO**
2 **PRODUCTS.**

3 (a) IN GENERAL.—

4 (1) SNUFF.—Paragraph (1) of section 5701(e)
5 of the Internal Revenue Code of 1986 (relating to
6 rate of tax on smokeless tobacco) is amended by
7 striking “36 cents (30 cents on snuff removed dur-
8 ing 1991 or 1992)” and inserting “\$4.25”.

9 (2) CHEWING TOBACCO.—Paragraph (2) of sec-
10 tion 5701(e) of such Code is amended by striking
11 “12 cents (10 cents on chewing tobacco removed
12 during 1991 or 1992)” and inserting “\$1.12”.

13 (3) ADJUSTMENT FOR SUBSEQUENT INCREASES
14 IN CIGARETTE TAX.—Subsection (e) of section 5701
15 of such Code is amended by adding at the end there-
16 of the following new sentences:

17 “If after the date of the enactment of this sentence there
18 is an increase in the rate of the tax imposed under sub-
19 section (b)(1), effective on and after the date on which
20 such increase takes effect, the rate of the tax imposed by
21 paragraph (1) of this subsection shall be an amount per
22 pound (as determined by the Secretary) which is the same
23 percentage of the national average wholesale price per
24 pound for snuff (as so determined) as the tax imposed
25 by subsection (b)(1) is of the national average wholesale
26 price for cigarettes (as so determined). A similar adjust-

1 ment shall be made to the rate of the tax imposed under
2 paragraph (2) of this subsection.”

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect on the date of the enactment
5 of this Act.

6 (c) FLOOR STOCKS.—

7 (1) IMPOSITION OF TAX.—On snuff and chew-
8 ing tobacco manufactured in or imported into the
9 United States which is removed before the date of
10 the enactment of this Act, and held on such date for
11 sale by any person, there shall be imposed the fol-
12 lowing taxes:

13 (A) SNUFF.—On snuff, \$3.87 per pound
14 and a proportionate tax at the like rate on all
15 fractional parts of a pound.

16 (B) CHEWING TOBACCO.—On chewing to-
17 bacco, \$1.00 per pound and a proportionate tax
18 at the like rate on all fractional parts of a
19 pound.

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

22 (A) LIABILITY FOR TAX.—A person hold-
23 ing snuff and chewing tobacco on the date of
24 the enactment of this Act to which any tax im-

1 posed by paragraph (1) applies shall be liable
2 for such tax.

3 (B) METHOD OF PAYMENT.—The tax im-
4 posed by paragraph (1) shall be treated as a
5 tax imposed under section 5701 of the Internal
6 Revenue Code of 1986 and shall be due and
7 payable on the day 45 days after the date of
8 the enactment of this Act, in the same manner
9 as the tax imposed under such section is pay-
10 able with respect to snuff and chewing tobacco,
11 removed on the date of the enactment of this
12 Act.

13 (3) SNUFF AND CHEWING TOBACCO.—For pur-
14 poses of this subsection, the terms “snuff” and
15 “chewing tobacco” have the respective meanings
16 given to such terms by section 5702 of the Internal
17 Revenue Code of 1986.

18 (4) EXCEPTION FOR RETAIL STOCKS.—The
19 taxes imposed by paragraph (1) shall not apply to
20 snuff and chewing tobacco in retail stocks held on
21 the date of the enactment of this Act at the place
22 where intended to be sold at retail.

23 (5) FOREIGN TRADE ZONES.—Notwithstanding
24 the Act of June 18, 1934 (19 U.S.C. 81a et seq.)
25 or any other provision of law—

1 (A) snuff and chewing tobacco—

2 (i) on which taxes imposed by Federal
3 law are determined, or customs duties are
4 liquidated, by a customs officer pursuant
5 to a request made under the first proviso
6 of section 3(a) of the Act of June 18, 1934
7 (19 U.S.C. 81c(a)) before the date of the
8 enactment of this Act, and

9 (ii) which are entered into the cus-
10 toms territory of the United States on or
11 after such date of enactment, from a for-
12 eign trade zone, and

13 (B) snuff and chewing tobacco which—

14 (i) are placed under the supervision of
15 a customs officer pursuant to the provi-
16 sions of the second proviso of section 3(a)
17 of the Act of June 18, 1934 (19 U.S.C.
18 81c(a)) before such date of enactment, and

19 (ii) are entered into the customs terri-
20 tory of the United States on or after such
21 date of enactment, from a foreign trade
22 zone,

23 shall be subject to the tax imposed by paragraph (1)
24 and such snuff and chewing tobacco shall, for pur-

1 poses of paragraph (1), be treated as being held on
2 such date of enactment for sale.

3 **SEC. 3. ESTABLISHMENT OF TRUST FUND.**

4 (a) IN GENERAL.—Subchapter A of chapter 98 of the
5 Internal Revenue Code of 1986 (relating to Trust Fund
6 Code) is amended by adding at the end thereof the follow-
7 ing new section:

8 **“SEC. 9512. SMOKELESS TOBACCO EDUCATION AND PRE-**
9 **VENTION TRUST FUND.**

10 “(a) CREATION OF TRUST FUND.—There is estab-
11 lished in the Treasury of the United States a trust fund
12 to be known as the ‘Smokeless Tobacco Education and
13 Prevention Trust Fund’ (hereafter referred to in this sec-
14 tion as the ‘Trust Fund’), consisting of such amounts as
15 may be appropriated or credited to the Trust Fund as pro-
16 vided in this section or section 9602(b).

17 “(b) TRANSFERS TO TRUST FUND.—The Secretary
18 shall transfer to the Trust Fund an amount equivalent
19 to the 10 percent of the net increase in revenues received
20 in the Treasury by reason of the amendments made to
21 section 5701 by section 2(a), and the provisions contained
22 in section 2(c), of the Smokeless Tobacco Consumption
23 Reduction and Education Act of 1993, as estimated by
24 the Secretary.

1 “(c) EXPENDITURES FROM TRUST FUND.—Amounts
2 in the Trust Fund shall be available, as provided in appro-
3 priation Acts, for programs of public education regarding
4 the risks of smokeless tobacco and other programs to re-
5 duce the consumption of smokeless tobacco.”

6 (b) CLERICAL AMENDMENT.—The table of sections
7 for such subchapter A is amended by adding at the end
8 thereof the following new item:

“Sec. 9512. Smokeless Tobacco Education and Prevention Trust
Fund.”

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