

Medicaid Reserve Fund and Cigarette Surtax

Code of Laws

11-11-230 Creation of Smoking Prevention and Cessation Trust Fund and Medicaid Reserve

12-21-625 Cigarette surtax; imposition; crediting for revenues; definition of cigarette

Effective July 1, 2010 surcharge = 50 cents; must be credited as follows:

a) MUSC Hollings Cancer Center	-5,000,000
b) Smoking Prevention and Cessation Trust Fund	-5,000,000
c) Remaining to Medicaid Reserve Fund	

Cig Tax Collections for Medicaid after MUSC & Smoking Cessation

	FY 10-11	FY 10-11	FY 11-12	FY 11-12	FY 12-13	FY 13-14	
	Collected	Approp. To DHHS	Collected	Approp. To DHHS	Recommended for DHHS		
FY 10-11	105	0	105	105			<i>Previous FY 10-11</i>
FY 11-12			105	52 *	52 *		<i>Current FY 11-12</i>
FY 12-13 Projected				157	105		<i>Next FY 12-13</i>
FY 13-14 Projected					157	105	<i>Future FY 13-14</i>
					* 1/2 of estimated collections for current year		

FY 11-12 Proviso 90.9 Health Care Maintenance of Effort Funding- \$157 million from FY11 & FY12

Director of DHHS is not authorized to access any of the residual funds prior to Jan. 31, 2012

Director must submit a proposal for any use of the funds to the GA by Jan. 1, 2012

If no action is taken on the proposal by the GA by Jan. 31, 2012, the director may access funds

Unexpended funds appropriated may be carried forward

SECTION 11-11-230. Creation of Smoking Prevention and Cessation Trust Fund and South Carolina Medicaid Reserve Fund.

(A) There is created in the State Treasury the Smoking Prevention and Cessation Trust Fund. This fund is separate and distinct from the general fund of the State and all other funds. Earnings and interest on this fund must be credited to it and any balance in this fund at the end of a fiscal year carries forward in the fund in the succeeding fiscal year. The trust fund must transfer five million dollars annually to the Department of Health and Environmental Control to administer a statewide smoking prevention and cessation program. The funds must not be appropriated for any other purpose and the Department of Health and Environmental Control may not use the funds for any purposes other than administering a statewide smoking prevention and cessation program.

(B) There is created the South Carolina Medicaid Reserve Fund. This fund is separate and distinct from the general fund of the State and all other funds. Earnings and interest on this fund must be credited to it and any balance in this fund at the end of a fiscal year carries forward in the fund in the succeeding fiscal year. The fund only may be appropriated for the restoration and maintenance of effort of the Medicaid program as structured at the time this act takes effect, and must not be appropriated for any other purpose. The fund must not be used to expand any component of the existing Medicaid program.

SECTION 12-21-625. Cigarette surtax; imposition; crediting of revenues; definition of "cigarette".

(A) Effective July 1, 2010, there is imposed a surtax on cigarettes subject to the tax imposed pursuant to Section 12-21-620(1) in an amount equal to two and one-half cents on each cigarette.

(B) Notwithstanding another provision of law providing for the crediting of the revenues of license or other taxes, the revenue of the surtax imposed pursuant to this section must be credited as follows:

(1) five million dollars annually to the Medical University of South Carolina Hollings Cancer Center to be used for tobacco-related cancer research;

(2) five million dollars annually to the Smoking Prevention and Cessation Trust Fund created pursuant to Section 11-11-230(A);

(3) the remaining annual revenue shall be deposited in the South Carolina Medicaid Reserve Fund created pursuant to Section 11-11-230(B).

(C) For all purposes of reporting, payment, collection, and enforcement, the surtax imposed by this section is deemed to be imposed pursuant to Section 12-21-620.

(D) For purposes of this section, "cigarette" means:

(1) any roll for smoking containing tobacco or any substitute for tobacco wrapped in paper or in any substance other than a tobacco leaf; or

(2) any roll for smoking containing tobacco or any substitute for tobacco, wrapped in any substance, weighing three pounds per thousand or less, however labeled or named, which because of its appearance, size, type of tobacco used in the filler, or its packaging, pricing, marketing, or labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in item (1).