

# **Department of Health Smoking Cessation Fund Amendment Act of 2017, Bill 22-460**

**Before the Committee on Finance and Revenue**

**The Honorable Jack Evans, Chairman**

**February 1, 2018, 10:00 AM  
Room 120, John A. Wilson Building**



**Comments by  
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Thank you for the opportunity to provide comments on Bill 22-460, the “Department of Health Smoking Cessation Fund Amendment Act of 2017.”

The Bill would increase the excise tax on cigarettes in the District of Columbia, from a rate of \$0.125 for each cigarette, to a rate of \$0.225 per cigarette. The Bill also establishes a Fund to support initiatives to prevent the sale of tobacco to individuals under 21, and dedicates 10% of the revenues from the cigarette tax to such Fund. Finally, the Bill would implement the Smoking Restriction Amendment Act of 2013.

The language in the Bill is sufficient from a tax administrative perspective to implement the change in rate.

In addition to subjecting the sales of cigarettes to an excise tax, District of Columbia Official Code, in Section 47-2401.01, imposes a tax on other tobacco products, including electronic and vapor products. Under the Fiscal Year 2015 Budget Support Act of 2014, the tax rate on other tobacco products was amended to mirror the rate on cigarettes. By increasing the tax rate on cigarettes, the Bill also increases the tax rate on other tobacco products. Under the Bill, no revenue from the tax on other tobacco products is dedicated to the Fund established to prevent the sale of tobacco to individuals under 21. OTR has proposed an amendment to Section 47-2402.01 to conform the other tobacco tax provisions to the changes in this proposed bill.

Proposed addition to Bill to direct revenue from other tobacco taxes to Fund established to prevent the sale of tobacco to individuals under 21:

Sec. 3<sup>1</sup>. Section 47-2402.01 of the District of Columbia Official Code is amended as follows:

A new paragraph (e) is added to read as follows:

"Beginning October 1, 2018, 10% of the revenue from the tax imposed by this section shall be deposited into the Fund established by § 47-2402(I) to prevent the sale of tobacco products to individuals under the age of 21."

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<sup>1</sup> Addition to Bill, will require renumbering of subsequent sections.