

HOUSE BILL No. 2783

By Committee on Taxation

Requested by Representative Goetz

2-17

1 AN ACT concerning taxation; relating to electronic cigarettes; increasing
2 the tax on electronic cigarettes and crediting the increased revenue to
3 the children's initiative fund; amending K.S.A. 79-3387 and 79-3399
4 and repealing the existing sections.
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 79-3387 is hereby amended to read as follows: 79-
8 3387. (a) *Except as otherwise provided in subsection (c)*, all revenue
9 collected or received by the director from taxes imposed by this act shall
10 be remitted to the state treasurer in accordance with the provisions of
11 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
12 remittance, the state treasurer shall deposit the entire amount in the state
13 treasury to the credit of the state general fund.

14 (b) All moneys received from license fees, forfeiture proceeds under
15 K.S.A. 79-3324a, and amendments thereto, and fines imposed by this act
16 shall be collected by the director and shall be remitted to the state treasurer
17 in accordance with the provisions of K.S.A. 75-4215, and amendments
18 thereto. Upon receipt of each such remittance, the state treasurer shall
19 deposit the entire amount in the state treasury to the credit of the cigarette
20 and tobacco products regulation fund created by K.S.A. 79-3391, and
21 amendments thereto, and such proceeds shall be used exclusively for
22 cigarette and tobacco products regulation and enforcement, and not for any
23 other purpose.

24 (c) *The state treasurer shall deposit and credit \$.10 of each milliliter*
25 *of consumable material for electronic cigarettes, or the proportionate tax*
26 *at the like rate of all fractional parts thereof, collected or received from*
27 *taxes imposed pursuant to K.S.A. 79-3399, and amendments thereto, to the*
28 *children's initiative fund established in K.S.A. 38-2102, and amendments*
29 *thereto.*

30 Sec. 2. K.S.A. 79-3399 is hereby amended to read as follows: 79-
31 3399. (a) ~~On and after July 1, 2017,~~ A tax is hereby imposed upon the
32 privilege of selling or dealing in electronic cigarettes in this state by any
33 person engaged in business as a distributor thereof, at the rate of ~~\$.05~~ \$.15
34 per milliliter of consumable material for electronic cigarettes and a
35 proportionate tax at the like rate on all fractional parts thereof. For

1 electronic cigarettes in the possession of retail dealers for which tax has
2 not been paid, tax shall be imposed under this subsection at the earliest
3 time the retail dealer:

4 (1) Brings or causes to be brought into this state from without the
5 state electronic cigarettes for sale;

6 (2) makes, manufactures or fabricates electronic cigarettes in this
7 state for sale in this state; or

8 (3) sells electronic cigarettes to consumers within this state.

9 (b) *As used in this section*, "consumable material" means any liquid
10 solution or other material that is depleted as an electronic cigarette is used.

11 (c) The secretary of revenue shall adopt rules and regulations to
12 implement the provisions of this section.

13 Sec. 3. K.S.A. 79-3387 and 79-3399 are hereby repealed.

14 Sec. 4. This act shall take effect and be in force from and after its
15 publication in the statute book.