
HOUSE BILL No. 1144

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-7-1; IC 20-20-35.

Synopsis: Prekindergarten pilot program funding. Increases the cigarette tax by \$0.04 per pack for calendar years 2013 through 2020, and requires the amount of the increase to be deposited in the prekindergarten pilot program fund. Makes conforming changes to the cigarette tax allocation percentages. Permits charter schools to participate in a prekindergarten pilot program that was authorized in 2007 but never funded. (Current law excludes charter schools from participating in the program.) Requires the department of education to begin making grants with the 2013-2014 school year. Postpones the expiration of the program from 2014 to 2021. Establishes the prekindergarten pilot program fund. Appropriates money in the fund to the department of education.

Effective: July 1, 2012.

Day

January 9, 2012, read first time and referred to Committee on Ways and Means.

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Second Regular Session 117th General Assembly (2012)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2011 Regular Session of the General Assembly.

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HOUSE BILL No. 1144



A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-7-1-12, AS AMENDED BY P.L.218-2007,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2012]: Sec. 12. (a) The following taxes are imposed, and shall
4 be collected and paid as provided in this chapter, upon the sale,
5 exchange, bartering, furnishing, giving away, or otherwise disposing of
6 cigarettes within the state of Indiana:

(1) For calendar year 2012 and a calendar year beginning after December 31, 2020:

9 ~~(A)~~ (A) On cigarettes weighing not more than three (3) pounds
10 per thousand (1,000), a tax at the rate of four and nine hundred
11 seventy-five thousandths cents (\$0.04975) per individual
12 cigarette.

13 ~~(B)~~ (B) On cigarettes weighing more than three (3) pounds per
14 thousand (1,000), a tax at the rate of six and six hundred
15 twelve thousandths cents (\$0.06612) per individual cigarette,
16 except that if any cigarettes weighing more than three (3)
17 pounds per thousand (1,000) shall be more than six and



1 one-half (6 1/2) inches in length, they shall be taxable at the
 2 rate provided in ~~subdivision (1)~~, **clause (A)**, counting each two
 3 and three-fourths (2 3/4) inches (or fraction thereof) as a
 4 separate cigarette.

5 **(2) For a calendar year beginning after December 31, 2012,**
 6 **and ending before January 1, 2021:**

7 **(A) On cigarettes weighing not more than three (3) pounds**
 8 **per thousand (1,000), a tax at the rate of five and one**
 9 **hundred seventy-five thousandths cents (\$0.05175) per**
 10 **individual cigarette.**

11 **(B) On cigarettes weighing more than three (3) pounds per**
 12 **thousand (1,000), a tax at the rate of six and eight hundred**
 13 **seventy-eight thousandths cents (\$0.06878) per individual**
 14 **cigarette, except that if any cigarettes weighing more than**
 15 **three (3) pounds per thousand (1,000) shall be more than**
 16 **six and one-half (6 1/2) inches in length, they shall be**
 17 **taxable at the rate provided in clause (A), counting each**
 18 **two and three-fourths (2 3/4) inches (or fraction thereof) as**
 19 **a separate cigarette.**

20 (b) Upon all cigarette papers, wrappers, or tubes, made or prepared
 21 for the purpose of making cigarettes, which are sold, exchanged,
 22 bartered, given away, or otherwise disposed of within the state of
 23 Indiana (other than to a manufacturer of cigarettes for use by ~~him~~ **the**
 24 **manufacturer** in the manufacture of cigarettes), the following taxes
 25 are imposed, and shall be collected and paid as provided in this
 26 chapter:

27 (1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).

28 (2) On more than fifty (50) papers but not more than one hundred
 29 (100) papers, a tax of one cent (\$0.01).

30 (3) On more than one hundred (100) papers, one-half cent
 31 (\$0.005) for each fifty (50) papers or fractional part thereof.

32 (4) On tubes, one cent (\$0.01) for each fifty (50) tubes or
 33 fractional part thereof.

34 SECTION 2. IC 6-7-1-28.1, AS AMENDED BY P.L.229-2011,
 35 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2012]: Sec. 28.1. **(a)** The taxes, registration fees, fines, or
 37 penalties collected under this chapter shall be deposited in the
 38 following manner:

39 **(1) For taxes, registration fees, fines, or penalties collected in**
 40 **2012, deposits shall be made as follows:**

41 ~~(1)~~ **(A)** Four and twenty-two hundredths percent (4.22%) of
 42 the money shall be deposited in a fund to be known as the

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- 1 cigarette tax fund.
- 2 ~~(2)~~ **(B)** Six-tenths percent (0.6%) of the money shall be
- 3 deposited in a fund to be known as the mental health centers
- 4 fund.
- 5 ~~(3)~~ **The following amount of the money (C) Sixty and**
- 6 **twenty-four hundredths percent (60.24%)** shall be
- 7 deposited in the state general fund.
- 8 ~~(A)~~ After June 30, 2011, and before July 1, 2013, sixty and
- 9 twenty-four hundredths percent ~~(60.24%)~~.
- 10 ~~(B)~~ After June 30, 2013, fifty-four and five-tenths percent
- 11 ~~(54.5%)~~.
- 12 ~~(4)~~ **(D)** Five and forty-three hundredths percent (5.43%) of the
- 13 money shall be deposited into the pension relief fund
- 14 established in IC 5-10.3-11.
- 15 ~~(5)~~ **(E)** Twenty-seven and five hundredths percent (27.05%) of
- 16 the money shall be deposited in the Indiana check-up plan
- 17 trust fund established by IC 12-15-44.2-17.
- 18 ~~(6)~~ **(F)** Two and forty-six hundredths percent (2.46%) of the
- 19 money shall be deposited in the state general fund for the
- 20 purpose of paying appropriations for Medicaid-Current
- 21 Obligations, for provider reimbursements.
- 22 ~~(7)~~ **The following amount of the money shall be deposited in the**
- 23 **state retiree health benefit trust fund established by IC 5-10-8-8.5**
- 24 **as follows:**
- 25 ~~(A)~~ Before July 1, 2011, five and seventy-four hundredths
- 26 percent ~~(5.74%)~~.
- 27 ~~(B)~~ After June 30, 2011, and before July 1, 2013, zero percent
- 28 ~~(0%)~~.
- 29 ~~(C)~~ After June 30, 2013, five and seventy-four hundredths
- 30 percent ~~(5.74%)~~.
- 31 **(2) For taxes, registration fees, fines, or penalties collected**
- 32 **after December 31, 2012, and before July 1, 2013, deposits**
- 33 **shall be made as follows:**
- 34 **(A) Four and one-tenth percent (4.1%) of the money shall**
- 35 **be deposited in a fund to be known as the cigarette tax**
- 36 **fund.**
- 37 **(B) Fifty-eight hundredths percent (0.58%) of the money**
- 38 **shall be deposited in a fund to be known as the mental**
- 39 **health centers fund.**
- 40 **(C) Fifty-eight and fifty-five hundredths percent (58.55%)**
- 41 **shall be deposited in the state general fund.**
- 42 **(D) Five and twenty-eight hundredths percent (5.28%) of**

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- 1 the money shall be deposited in the pension relief fund
 2 established by IC 5-10.3-11-1.
- 3 (E) Twenty-six and three-tenths percent (26.3%) of the
 4 money shall be deposited in the Indiana check-up plan
 5 trust fund established by IC 12-15-44.2-17.
- 6 (F) Two and four-tenths percent (2.4%) of the money shall
 7 be deposited in the state general fund for the purpose of
 8 paying appropriations for Medicaid-Current Obligations,
 9 for provider reimbursements.
- 10 (G) Two and seventy-nine hundredths percent (2.79%) of
 11 the money shall be deposited in the prekindergarten pilot
 12 program fund established by IC 20-20-35-12.
- 13 (3) For taxes, registration fees, fines, or penalties collected
 14 after June 30, 2013, and before January 1, 2021, deposits shall
 15 be made as follows:
- 16 (A) Four and one-tenth percent (4.1%) of the money shall
 17 be deposited in a fund to be known as the cigarette tax
 18 fund.
- 19 (B) Fifty-eight hundredths percent (0.58%) of the money
 20 shall be deposited in a fund to be known as the mental
 21 health centers fund.
- 22 (C) Fifty-two and ninety-seven hundredths percent
 23 (52.97%) shall be deposited in the state general fund.
- 24 (D) Five and twenty-eight hundredths percent (5.28%) of
 25 the money shall be deposited in the pension relief fund
 26 established by IC 5-10.3-11-1.
- 27 (E) Twenty-six and three-tenths percent (26.3%) of the
 28 money shall be deposited in the Indiana check-up plan
 29 trust fund established by IC 12-15-44.2-17.
- 30 (F) Two and four-tenths percent (2.4%) of the money shall
 31 be deposited in the state general fund for the purpose of
 32 paying appropriations for Medicaid-Current Obligations,
 33 for provider reimbursements.
- 34 (G) Five and fifty-eight hundredths percent (5.58%) shall
 35 be deposited in the retiree health benefit trust fund
 36 established by IC 5-10-8-8.5.
- 37 (H) Two and seventy-nine hundredths percent (2.79%) of
 38 the money shall be deposited in the prekindergarten pilot
 39 program fund established by IC 20-20-35-12.
- 40 (4) For taxes, registration fees, fines, or penalties collected
 41 after December 31, 2020, deposits shall be made as follows:
- 42 (A) Four and twenty-two hundredths percent (4.22%) of

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- 1 the money shall be deposited in a fund to be known as the
 2 cigarette tax fund.
- 3 (B) Six-tenths percent (0.6%) of the money shall be
 4 deposited in a fund to be known as the mental health
 5 centers fund.
- 6 (C) Fifty-four and five-tenths percent (54.5%) shall be
 7 deposited in the state general fund.
- 8 (D) Five and forty-three hundredths percent (5.43%) of the
 9 money shall be deposited in the pension relief fund
 10 established by IC 5-10.3-11-1.
- 11 (E) Twenty-seven and five hundredths percent (27.05%) of
 12 the money shall be deposited in the Indiana check-up plan
 13 trust fund established by IC 12-15-44.2-17.
- 14 (F) Two and forty-six hundredths percent (2.46%) of the
 15 money shall be deposited in the state general fund for the
 16 purpose of paying appropriations for Medicaid-Current
 17 Obligations, for provider reimbursements.
- 18 (G) Five and seventy-four hundredths percent (5.74%)
 19 shall be deposited in the retiree health benefit trust fund
 20 established by IC 5-10-8-8.5.
- 21 (b) The money in the cigarette tax fund, the mental health centers
 22 fund, the Indiana check-up plan trust fund, or the pension relief fund
 23 at the end of a fiscal year does not revert to the state general fund.
 24 However, if in any fiscal year, the amount allocated to a ~~fund under~~
 25 ~~subdivision (1) or (2)~~ **the cigarette tax fund or the mental health**
 26 **centers fund** is less than the amount received by **that fund** in fiscal
 27 year 1977, then that fund shall be credited with the difference between
 28 the amount allocated and the amount received in fiscal year 1977, and
 29 the allocation for the fiscal year to the **state general** fund under:
 30 ~~subdivision (3)~~
- 31 (1) subsection (a)(1)(C);
 32 (2) subsection (a)(2)(C);
 33 (3) subsection (a)(3)(C); or
 34 (4) subsection (a)(4)(C);
- 35 shall be reduced by the amount of that difference.
- 36 (c) Money deposited under: ~~subdivisions (6) through (7)~~
- 37 (1) subsection (a)(1)(F);
 38 (2) subsection (a)(2)(F);
 39 (3) subsection (a)(3)(F);
 40 (4) subsection (a)(3)(G);
 41 (5) subsection (a)(4)(F); or
 42 (6) subsection (a)(4)(G);

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1 may not be used for any purpose other than the purpose stated in ~~the~~
 2 ~~subdivision. the clause referred to in this subsection under which~~
 3 **the money is deposited.**

4 SECTION 3. IC 20-20-35-1, AS ADDED BY P.L.234-2007,
 5 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2012]: Sec. 1. As used in this chapter, "eligible provider"
 7 means any of the following:

8 (1) School corporations.

9 (2) Any entity providing a prekindergarten program that is
 10 accredited by the National Association for the Education of
 11 Young Children.

12 ~~However, the term does not include a charter school or an entity~~
 13 ~~affiliated with a charter school.~~

14 SECTION 4. IC 20-20-35-3, AS ADDED BY P.L.234-2007,
 15 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2012]: Sec. 3. (a) The department shall establish a pilot
 17 program to provide grants to eligible providers selected by the
 18 department to implement prekindergarten programs.

19 (b) The department shall administer the pilot program.

20 **(c) The department shall begin providing grants in the**
 21 **2013-2014 school year.**

22 SECTION 5. IC 20-20-35-11, AS ADDED BY P.L.234-2007,
 23 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2012]: Sec. 11. This chapter expires July 1, ~~2014~~: **2021.**

25 SECTION 6. IC 20-20-35-12 IS ADDED TO THE INDIANA
 26 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 27 **[EFFECTIVE JULY 1, 2012]: Sec. 12. (a) The prekindergarten pilot**
 28 **program fund is established. The money in the fund shall be used**
 29 **by the department for providing grants under section 3 of this**
 30 **chapter.**

31 **(b) The department shall administer the fund.**

32 **(c) The fund consists of:**

33 **(1) cigarette taxes deposited in the fund under IC 6-7-1-28.1;**

34 **(2) gifts to the fund;**

35 **(3) appropriations from the general assembly; and**

36 **(4) grants, including grants from private entities.**

37 **(d) Money in the fund is annually appropriated to the**
 38 **department for the department's use in carrying out the purposes**
 39 **of this chapter.**

40 **(e) Money in the fund at the end of a state fiscal year ending**
 41 **before July 1, 2020, does not revert to the state general fund. Any**
 42 **balance remaining in the fund on June 30, 2021, is transferred to**

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1 **the state general fund.**

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