compliance with the provisions of that chapter, as amended by this Act, relating to the creation of new jobs, including Section 313.021(3), Tax Code, and Section 313.024(d) or 313.051(b), Tax Code, as applicable.

SECTION 24. The comptroller shall make the initial determination under Section 313.051(a–9), Tax Code, as added by this Act, not later than September 1, 2014, and shall publish the initial list and map required by that subsection not later than October 1, 2014.

SECTION 25. This Act takes effect January 1, 2014.

Passed by the House on May 4, 2013: Yeas 129, Nays 7, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3390 on May 24, 2013, and requested the appointment of a conference committee to consider the differences between the two houses; the House adopted the conference committee report on H.B. No. 3390 on May 26, 2013: Yeas 138, Nays 6, 2 present, not voting; passed by the Senate, with amendments, on May 21, 2013: Yeas 29, Nays 2; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; the Senate adopted the conference committee report on H.B. No. 3390 on May 26, 2013: Yeas 31, Nays 0.

Approved June 14, 2013.
Effective January 1, 2014.

CHAPTER 1305
H.B. No. 3536
AN ACT
relating to imposing a fee on the sale of cigarettes and cigarette tobacco products manufactured by certain companies; providing penalties.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Chapter 161, Health and Safety Code, is amended by adding Subchapter V to read as follows:

SUBCHAPTER V. FEE ON CIGARETTES AND CIGARETTE TOBACCO PRODUCTS MANUFACTURED BY CERTAIN COMPANIES

Sec. 161.601. PURPOSE. The purpose of this subchapter is to:

(1) recover health care costs to the state imposed by non-settling manufacturers;

(2) prevent non-settling manufacturers from undermining this state's policy of reducing underage smoking by offering cigarettes and cigarette tobacco products at prices that are substantially below the prices of cigarettes and cigarette tobacco products of other manufacturers;

(3) protect the tobacco settlement agreement and funding, which has been reduced because of the growth of sales of non-settling manufacturer cigarettes and cigarette tobacco products, for programs that are funded wholly or partly by payments to this state under the tobacco settlement agreement and recoup for this state settlement payment revenue lost because of sales of non-settling manufacturer cigarettes and cigarette tobacco products;

(4) ensure evenhanded treatment of manufacturers and further protect the tobacco settlement agreement and funding by imposing a partial payment obligation on non-settling manufacturers that already make payments on Texas sales under the master settlement agreement until a credit amendment to that agreement that will provide those manufacturers with a credit for payments to Texas is effective; and

(5) provide funding for any purpose the legislature determines.

Sec. 161.602. DEFINITIONS. In this subchapter:
(1) "Brand family" means each style of cigarettes or cigarette tobacco products sold under the same trademark. The term includes any style of cigarettes or cigarette tobacco products that have a brand name, trademark, logo, symbol, motto, selling message, recognizable pattern of colors, or other indication of product identification that is identical to, similar to, or identifiable with a previously known brand of cigarettes or cigarette tobacco products.

(2) "Cigarette" means a roll for smoking that is:
   (A) made of tobacco or tobacco mixed with another ingredient and wrapped or covered with a material other than tobacco; and
   (B) not a cigar.

(3) "Cigarette tobacco product" means roll-your-own tobacco or tobacco that, because of the tobacco's appearance, type, packaging, or labeling, is suitable for use in making cigarettes and is likely to be offered to or purchased by a consumer for that purpose.

(4) "Credit amendment" means an amendment to the master settlement agreement that offers a credit to subsequent participating manufacturers for fees paid under this subchapter with respect to their products in a form agreed on by settling states, as defined in the master settlement agreement, with aggregate allocable shares, as defined in the master settlement agreement, equal to at least 99.937049 percent; by the original participating manufacturers, as defined in the master settlement agreement; and by subsequent participating manufacturers whose aggregate market share, expressed as a percentage of the total number of individual cigarettes sold in the United States, the District of Columbia, and Puerto Rico during the calendar year at issue, as measured by excise taxes collected by the federal government, and in the case of cigarettes sold in Puerto Rico, by arbitrios de cigarillos collected by the Puerto Rico taxing authority, is greater than 2.5 percent. For purposes of the calculation of subsequent participating manufacturer market share under this subchapter, 0.09 ounces of roll-your-own tobacco constitutes one cigarette.

(5) "Distributor" has the meaning assigned by Section 154.001 or 155.001, Tax Code, as appropriate.

(6) "Fee" or "monthly fee" means the fee imposed under Section 161.603.

(7) "Manufacturer" means a person that manufactures, fabricates, or assembles cigarettes or cigarette tobacco products, or causes or arranges for the manufacture, fabrication, or assembly of cigarettes or cigarette tobacco products for sale or distribution. For purposes of this subchapter, the term includes a person that is the first importer into the United States of cigarettes or cigarette tobacco products manufactured, fabricated, or assembled outside the United States.

(8) "Master settlement agreement" means the settlement agreement entered into on November 23, 1998, by 46 states and leading United States tobacco manufacturers, as amended as of September 1, 2013.

(9) "Non-settling manufacturer" means a manufacturer of cigarettes or cigarette tobacco products that did not sign a tobacco settlement agreement described by Subdivision (15).

(10) "Non-settling manufacturer cigarettes" means cigarettes of a non-settling manufacturer.

(11) "Non-settling manufacturer cigarette tobacco products" means cigarette tobacco products of a non-settling manufacturer.

(12) "Released claim" means:
   (A) "released claims" as that term is defined in the agreement described by Subdivision (15)(A); and
   (B) all claims encompassed in Paragraph 7 of the agreement described by Subdivision (15)(B).

(13) "Settling manufacturer" means a manufacturer of cigarettes or cigarette tobacco products that signed a tobacco settlement agreement described by Subdivision (15).

(14) "Subsequent participating manufacturer" has the same meaning provided for that term in the master settlement agreement, except that the term excludes any settling manufacturer under the tobacco settlement agreement described by Subdivision (15)(B).
A manufacturer may not be treated as a subsequent participating manufacturer for purposes of Section 161.604(c) unless it has provided to the comptroller notice and proof, in the form and manner the comptroller may prescribe, that it is a subsequent participating manufacturer.

(15) “Tobacco settlement agreement” means either:

(A) the Comprehensive Settlement Agreement and Release filed on January 16, 1998, in the United States District Court, Eastern District of Texas, in the case styled The State of Texas v. The American Tobacco Co., et al., No. 5-96CV-91, and all subsequent amendments; or

(B) the settlement agreement entered into on March 20, 1997, regarding the matter described in Paragraph (A), but only as to companies that signed that agreement on that date.

Sec. 161.603. FEE IMPOSED. (a) A fee is imposed on the sale, use, consumption, or distribution in this state of:

(1) non-settling manufacturer cigarettes if a stamp is required to be affixed to a package of those cigarettes under Section 154.041, Tax Code;

(2) non-settling manufacturer cigarettes that are sold, purchased, or distributed in this state but that are not required to have a stamp affixed to a package of those cigarettes under Chapter 154, Tax Code;

(3) non-settling manufacturer cigarette tobacco products that are subject to the tax imposed by Section 155.0211, Tax Code; and

(4) non-settling manufacturer cigarette tobacco products that are sold, purchased, or distributed in this state but that are not subject to the tax imposed by Section 155.0211, Tax Code.

(b) The fee imposed by this section does not apply to cigarettes or cigarette tobacco products that a settling manufacturer claims as its own, and that are included in computing payments to be made by that settling manufacturer, under the tobacco settlement agreement described by Section 161.602(15)(A).

(c) The fee imposed by this section does not apply to cigarettes or cigarette tobacco products that are sold into another state for resale to consumers outside of this state, provided that the sale is reported to the state into which the cigarettes are sold under 15 U.S.C. Section 376.

(d) The fee imposed by this section is in addition to any other privilege, license, fee, or tax required or imposed by state law.

(e) Except as otherwise provided by this subchapter, the fee imposed by this section is imposed, collected, paid, administered, and enforced in the same manner as the taxes imposed by Chapter 154 or 155, Tax Code, as appropriate.

(f) The fee imposed by this section shall be collected only once on each cigarette or cigarette tobacco product on which it is due.

Sec. 161.604. RATE OF FEE. (a) For cigarettes or cigarette tobacco products sold, used, consumed, or distributed in this state, as provided by Section 161.603, during the 2013 calendar year, the fee is imposed at the rate of 2.75 cents for:

(1) each non-settling manufacturer cigarette; and

(2) each 0.09 ounces of non-settling manufacturer cigarette tobacco product described by Section 161.602(b).

(b) Beginning in January 2014, and in January of each subsequent year, the comptroller shall compute the rate of the fee applicable during that calendar year by increasing the rate for the preceding calendar year by the greater of:

(1) three percent; or

(2) the actual total percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), as published by the Bureau of Labor Statistics of the United States Department of Labor, during the preceding calendar year, calculated by comparing the...
CPI-U for December of the preceding calendar year with the CPI-U for December a year earlier.

(c) Notwithstanding Subsection (a), the rate of the fee on the cigarettes and cigarette tobacco products of a subsequent participating manufacturer shall, for calendar months beginning before the effective date of a credit amendment, be calculated by substituting 0.75 cents for 2.75 cents in Subsection (a). For calendar months beginning on or after the effective date of a credit amendment, the rate of the fee on the cigarettes and cigarette tobacco products of subsequent participating manufacturers shall be the same as the rate that applies for those months to the cigarettes of non-settling manufacturers who are not subsequent participating manufacturers.

Sec. 161.605. DISTRIBUTOR'S REPORT AND PAYMENT OF MONTHLY FEE. (a) A distributor required to file a report under Section 154.210 or 155.111, Tax Code, shall, in addition to the information required by those sections, include in that required report, as appropriate:

(1) the number and denominations of stamps affixed to individual packages of non-settling manufacturer cigarettes during the preceding month;
(2) the amount of non-settling manufacturer cigarette tobacco products subject to the tax imposed by Section 155.0211, Tax Code, during the preceding month;
(3) the number of individual packages of non-settling manufacturer cigarettes and the amount of non-settling manufacturer cigarette tobacco products not subject to the tax imposed by Chapter 154, Tax Code, or Section 155.0211, Tax Code, sold or purchased in this state or otherwise distributed in this state for sale in the United States;
(4) a calculation of the monthly fee required to be paid by the distributor; and
(5) any other information the comptroller considers necessary or appropriate to determine the amount of the fee imposed by this subchapter or to enforce this subchapter.

(b) A distributor shall include with the report required under this section the fee imposed under Section 161.603 based on the non-settling manufacturer cigarettes and cigarette tobacco products required to be included in the distributor's report under this section and calculated using the rate under Section 161.604.

(c) The information required by Subsections (a)(1), (2), and (3) must be itemized for each place of business and by manufacturer and brand family.

(d) The requirement to report information under this section shall be enforced in the same manner as the requirement to deliver to or file with the comptroller a report required under Section 154.210 or 155.111, Tax Code, as appropriate.

(e) Notwithstanding any other law, a distributor that remits a monthly fee under this section is, subject to Section 154.051, Tax Code, entitled to a stamping allowance of three percent of the face value of all stamps purchased under Section 154.041, Tax Code, for providing the service of affixing stamps to cigarette packages.

(f) Information obtained from a report provided under Subsection (a) regarding cigarettes or cigarette tobacco products sold, purchased, or otherwise distributed by a non-settling manufacturer may be disclosed by the comptroller to the manufacturer or to the authorized representative of the manufacturer.

(g) The comptroller shall, for the purpose of assisting distributors in calculating the monthly fee, publish and maintain on the comptroller's Internet website:

(1) a list of the names and brand families of settling manufacturers;
(2) a list of each non-settling manufacturer showing whether that manufacturer:
   (A) is a subsequent participating manufacturer; or
   (B) is not a subsequent participating manufacturer; and
(3) the effective date of any credit amendment.

Sec. 161.606. REPORT TO ATTORNEY GENERAL BEFORE OFFERING NON-SETTLING MANUFACTURER CIGARETTES OR CIGARETTE TOBACCO PRODUCTS FOR SALE OR DISTRIBUTION IN THIS STATE. (a) If cigarettes or cigarette tobacco products of a non-settling manufacturer were not offered for sale or distribution in this state
on September 1, 2013, the non-settling manufacturer shall, before the date the cigarettes or 
cigarette tobacco products are offered for sale or distribution in this state, provide to the 
attorney general on a form prescribed by the attorney general:

(1) the non-settling manufacturer’s complete name, address, and telephone number;

(2) the date that the non-settling manufacturer will begin offering cigarettes or cigarette 
tobacco products for sale or distribution in this state;

(3) the names of the brand families of the cigarettes or cigarette tobacco products that 
the non-settling manufacturer will offer for sale or distribution in this state;

(4) a statement that the non-settling manufacturer intends to comply with this subchapter; 
and

(5) the name, address, telephone number, and signature of an officer of the non-settling 
manufacturer attesting to all of the included information.

(b) The attorney general shall make the information provided under this section available 
to the comptroller.

Sec. 161.607. PENALTIES FOR NONCOMPLIANCE. Cigarettes and cigarette tobacco 
products of a non-settling manufacturer that are sold, used, consumed, or distributed in this 
state in violation of this subchapter, including cigarettes and cigarette tobacco products for 
which full payment of the fee imposed under Section 161.603 is not made, shall be treated as 
cigarettes or cigarette tobacco products for which the tax assessed by Chapter 154 or 155, Tax 
Code, as appropriate, has not been paid, and the distributor or non-settling manufacturer is 
subject to all penalties imposed by those chapters for violations of those chapters.

Sec. 161.608. APPOINTMENT OF AGENT FOR SERVICE OF PROCESS. A non-
settling manufacturer shall appoint and engage a resident agent for service of process.

Sec. 161.609. AUDIT OR INSPECTION. The comptroller or attorney general is entitled 
to conduct reasonable periodic audits or inspections of the financial records of a non-settling 
manufacturer and its distributors to ensure compliance with this subchapter.

Sec. 161.610. COMPTROLLER INFORMATION SHARING. On request, the comptrol-
er shall report annually to the independent auditor or other entities responsible for making 
calculations or other determinations under a tobacco settlement agreement or the master 
settlement agreement, as the master settlement agreement may be amended or supplemented 
by some or all of the parties thereto, the volume of cigarettes on which the fee required under 
Section 161.603 is paid, itemized by cigarette manufacturer and brand family.

Sec. 161.611. REVENUE DEPOSITED IN GENERAL REVENUE FUND. The reve-
nue from the fees imposed by this subchapter shall be deposited in the state treasury to the 
credit of the general revenue fund.

Sec. 161.612. RELEASED CLAIMS. All fees paid by a manufacturer under this 
subchapter shall apply on a dollar for dollar basis to reduce any judgment or settlement on a 
released claim brought against the manufacturer that made the payment.

Sec. 161.613. APPLICATION OF SUBCHAPTER. (a) This subchapter applies without 
regard to Section 154.022, Tax Code, or any other law that might be read to create an 
exemption for interstate sales.

(b) This subchapter does not apply to a tobacco product described by Section 
155.001(15)(C), Tax Code.

Sec. 161.614. RULES. The comptroller may issue rules and regulations as necessary to 
carry out or enforce this subchapter.

SECTION 2. (a) Not later than September 30, 2013, a non-settling manufacturer, as that 
term is defined by Section 161.602, Health and Safety Code, as added by this Act, that is 
offering cigarettes or cigarette tobacco products for sale or distribution in this state on 
September 1, 2013, shall provide to the attorney general on a form prescribed by the attorney 
general:

(1) the non-settling manufacturer’s complete name, address, and telephone number;

(2) the date that the non-settling manufacturer began offering cigarettes or cigarette 
tobacco products for sale or distribution in this state;
(3) the names of the brand families of the cigarettes or cigarette tobacco products that the non-settling manufacturer offers for sale or distribution in this state;

(4) a statement that the non-settling manufacturer intends to comply with Subchapter V, Chapter 161, Health and Safety Code, as added by this Act; and

(5) the name, address, telephone number, and signature of an officer of the non-settling manufacturer attesting to all of the included information.

(b) The attorney general shall make the information provided under Subsection (a) of this section available to the comptroller.

SECTION 3. This Act takes effect September 1, 2013.

Passed by the House on May 7, 2013: Yeas 74, Nays 66, 2 present, not voting; the House concurred in Senate amendments to H.B. No. 3536 on May 23, 2013: Yeas 79, Nays 58, 2 present, not voting; passed by the Senate, with amendments, on May 21, 2013: Yeas 23, Nays 8.

Approved June 14, 2013.
Effective September 1, 2013.

CHAPTER 1306

H.B. No. 3793

AN ACT
relating to powers, duties, and services of entities serving counties and county residents.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 21.054, Education Code, is amended by adding Subsection (d) to read as follows:

(d) The board shall adopt rules that allow an educator to fulfill up to 12 hours of continuing education by participating in a mental health first aid training program offered by a local mental health authority under Section 1001.203, Health and Safety Code. The number of hours of continuing education an educator may fulfill under this subsection may not exceed the number of hours the educator actually spends participating in a mental health first aid training program.

SECTION 2. Section 533.0354, Health and Safety Code, is amended by adding Subsections (a-1), (a-2), and (b-1) to read as follows:

(a-1) In addition to the services required under Subsection (a) and using money appropriated for that purpose or money received under the Texas Health Care Transformation and Quality Improvement Program 1115 waiver, a local mental health authority may ensure, to the extent feasible, the provision of assessment services, crisis services, and intensive and comprehensive services using disease management practices for children with serious emotional, behavioral, or mental disturbance not described by Subsection (a) and adults with severe mental illness who are experiencing significant functional impairment due to a mental health disorder not described by Subsection (a) that is defined by the Diagnostic and Statistical Manual of Mental Disorders, 5th Edition (DSM-5), including:

(1) major depressive disorder, including single episode or recurrent major depressive disorder;
(2) post-traumatic stress disorder;
(3) schizoaffective disorder, including bipolar and depressive types;
(4) obsessive compulsive disorder;
(5) anxiety disorder;
(6) attention deficit disorder;
(7) delusional disorder;