

GREEN SHEET REDIGEST

HB 119

2015 Regular Session

Ritchie

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX/TOBACCO TAX. Levies an additional tax on cigarettes and dedicates the proceeds of the tax

Present law provides for the levy of a tax upon the sale, use, consumption, handling, or distribution of all cigarettes. The amount of the tax per pack of 20 cigarettes is 36¢.

Proposed law levies an additional tax upon cigarettes equal to three and four-twentieths of 1¢ per cigarette thereby increasing the total tax per pack of 20 cigarettes from 36¢ per pack to \$1.00 per pack of 20 cigarettes.

Proposed law establishes the Tobacco Tax Medicaid Match Fund as a special fund in the state treasury, hereinafter referred to as the "fund". After satisfying the requirements of the Bond Security and Redemption Fund, the state treasurer shall annually deposit into the fund an amount equal to the avails of the tax imposed on cigarettes under the proposed law. Further requires the monies in the fund to be appropriated to DHH for the medical assistance program administered by the state, also known as Medicaid.

Proposed law prohibits monies deposited into the fund from displacing or supplanting appropriations from the state general fund for the DHH unless the total appropriations for the fiscal year from the state general fund for such purpose exceed general fund appropriations for the previous year.

Proposed law levies or increases the tax on other tobacco products as follows:

1. Upon "little cigars" a tax at the same rate as cigarettes.

"Little cigar" is defined as any roll for smoking made wholly or in part of tobacco if such product uses an integrated cellulose acetate or other similar filter and is wrapped in any substance containing tobacco, other than natural leaf tobacco.
2. Increases the tax on cigars invoiced at \$120 or less from 8% to 10% of the invoice price.
3. Increases the tax on cigars invoiced at more than \$120 from 20% to 25% of the invoice price.
4. Increases the tax on smoking tobacco from 33% to 50% of the invoice price.
5. Increases the tax on smokeless tobacco from 20% to 25% of the invoice price.
6. Imposes a tax on "moist snuff" at the higher of the following rates:
 - a. 20% of the invoice price.
 - b. 60 cents per 1.2 ounce can, and a proportionate tax for any other quantity or fractional part in excess of 1.2 ounces.

"Moist Snuff" is defined as any finely cut, ground, or powdered tobacco that is not intended to be smoked but shall not include any finely cut, ground, or powdered tobacco that is intended to be placed in the nasal cavity.

7. Imposes a tax on "vapor products and electronic cigarettes" of 5 cents per milliliter of nicotine liquid solution or other material containing nicotine that is depleted as a

vapor product is used. The term includes any noncombustible product containing nicotine or other substances that employ a heating element, power source, electronic circuit, or other electronic, chemical or mechanical means, regardless of shape or size, used to produce vapor from nicotine in a solution or other form. "Vapor products" includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device, and any vapor cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.

Proposed law applies the tax to stamped products, unused tax stamps, and other tobacco products in the possession of wholesale dealers on July 1, 2015. Requires all wholesale and retail dealers to file an inventory with the Dept. of Revenue by Aug. 1, 2015 and pay the tax.

Proposed law authorizes the Dept. of Revenue to adopt rules and regulations as to the filing of the inventory report.

Effective July 1, 2015.

(Amends R.S. 47:841 (intro para), (A), (C), and (E), and 842(15); adds R.S. 47:841(B)(6), 841.2, and 842(6.1) and (7.1)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Reduce the amount of the additional tax on cigarettes from \$1.18 per pack to 32¢ per pack bringing the total tax per pack to 68¢.
2. Establish the Tobacco Tax Medicaid Match Fund as a special treasury fund and dedicates the avails of the additional tax into the fund to be used by DHH for the medical assistance program also known as Medicaid.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Increases the amount of cigarette tax levied and levies or increases the tax on other tobacco products including moist snuff and vapor products.
2. Taxes "little cigars" at the same rate as cigarettes.
3. Levies the tax on wholesale inventories on July 1, 2015.