

## HOUSE SUMMARY OF SENATE AMENDMENTS

HB 119

2015 Regular Session

Ritchie

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

### Synopsis of Senate Amendments

1. Increases the additional tax levied on cigarettes from 36¢ per pack to 72¢ per pack thereby increasing the tax per pack to \$1.08.
2. Increases the tax from 8% of the invoice price on cigars invoiced by the manufacturer at \$120 per 1,000 or less to 10% of the invoice price.
3. Increases the tax from 20% of the invoice price on cigars invoiced by the manufacturer at more than \$120 to 25% of the invoice price.
4. Defines "little cigars" and exempts these products from the tax imposed on cigars in favor of taxing these products as cigarettes.
5. Increases the tax on smoking tobacco from 33% of the invoice price to 50% of the invoice price.
6. Increases the tax on smokeless tobacco from 20% of the invoice price to 25% of the invoice price.
7. Defines "moist snuff" and imposes a tax on this product at the higher rate of either 25% of the invoice price or 74¢ per 1.2 ounce can, package, or other container. If the container of moist snuff is less than 1.2 ounces, the tax shall be equal to the tax imposed on a 1.2 ounce can.
8. Defines "vapor products" and imposes a tax on vapor products and electronic cigarettes of .05¢ per milliliter of nicotine liquid solution or other material containing nicotine that is depleted as a vapor product is used.
9. Requires the tax increase on cigarettes and tobacco products to apply to wholesale and retail inventories and requires dealers to file an inventory with the Dept. of Revenue and pay the tax by Aug. 1, 2015.
10. Requires the increase in tax on tobacco products, and the taxes imposed by proposed law on moist snuff, little cigars, and vapor products to be deposited into the Tobacco Tax Medicaid Match Fund.

### Digest of Bill as Finally Passed by Senate

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 five and eight-twentieths of 1¢ per cigarette thereby increasing the total tax per pack of 20 cigarettes from 36¢ per pack to \$1.08 per pack of 20 cigarettes.

Present law provides for a tax of 8% of the invoice price on cigars invoiced by the manufacturer at \$120 per 1,000 or less.

Proposed law increases the tax from 8% of the invoice price on cigars invoiced by the

manufacturer at \$120 per 1,000 or less to 10% of the invoice price.

Present law provides for a tax of 20% of the invoice price on cigars invoiced by the manufacturer at more than \$120 per 1,000.

Proposed law increases the tax from 20% of the invoice price on cigars invoiced by the manufacturer at more than \$120 to 25% of the invoice price.

Proposed law defines "little cigars" as any roll for smoking made wholly or in part of tobacco if the product uses an integrated cellulose acetate or other similar filter and is wrapped in any substance containing tobacco, other than natural leaf tobacco. Proposed law exempts "little cigars" from the tax imposed on cigars in favor of taxing these products as cigarettes.

Present law provides for a tax of 33% of the invoice price on smoking tobacco.

Proposed law increases the tax on smoking tobacco from 33% of the invoice price to 50% of the invoice price.

Present law provides for a tax of 20% of the invoice price on smokeless tobacco.

Proposed law increases the tax on smokeless tobacco from 20% of the invoice price to 25% of the invoice price.

Proposed law imposes a tax on "moist snuff" at the higher rate of either 25% of the invoice price or 74¢ per 1.2 ounce can, package, or other container. If the container of moist snuff is less than 1.2 ounces, the tax shall be equal to the tax imposed on a 1.2 ounce can.

Proposed law defines "moist snuff" as any finely cut, ground, or powdered tobacco that is not intended to be smoked but does not include any finely cut, ground, or powdered tobacco which is intended to be placed in the nasal cavity.

Proposed law imposes a tax on vapor products and electronic cigarettes of .05¢ per milliliter of nicotine liquid solution or other material containing nicotine that is depleted as a vapor product is used.

Proposed law defines "vapor products" as any noncombustible product containing nicotine or other substances that employ a heating element or other electronic, chemical, or mechanical means to produce vapor from nicotine in a solution or other form. "Vapor products" includes any electronic cigarette, cigar, cigarillo, pipe, or similar product or device, and any vapor cartridge or other container of nicotine in a solution is intended to be used with or in an electronic cigarette, cigar, cigarillo, pipe, or similar product or device.

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 and tobacco products under 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 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 and pay the tax by Aug. 1, 2015.

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))