
DIGEST

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CONFERENCE COMMITTEE REPORT DIGEST

HB 119

2015 Regular Session

Ritchie

Keyword and oneliner of the instrument as it left the House

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

Report adopts Senate amendments to:

1. Define "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.
2. Require the increase in tax on cigarettes and the tax imposed on vapor products by proposed law to be deposited into the Tobacco Tax Medicaid Match Fund.

Report rejects Senate amendments which would have:

1. Increased the additional tax levied on cigarettes from 36¢ per pack to 72¢ per pack thereby increasing the tax per pack to \$1.08.
2. Increased 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. Increased 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. Defined "little cigars" and exempted these products from the tax imposed on cigars in favor of taxing these products as cigarettes.
5. Increased the tax on smoking tobacco from 33% of the invoice price to 50% of the invoice price.
6. Increased the tax on smokeless tobacco from 20% of the invoice price to 25% of the invoice price.

7. Defined "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. Required 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. Required the increase in tax on tobacco products and the taxes imposed by proposed law on moist snuff, little cigars to be deposited into the Tobacco Tax Medicaid Match Fund.

Report amends the bill to:

1. Increase the additional tax levied on cigarettes from 36¢ per pack to 50¢ per pack thereby increasing the tax per pack to 86¢.

Digest of the bill as proposed by the Conference Committee

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 retains present law but levies an additional tax upon cigarettes equal to two and five-twentieths of 1¢ per cigarette thereby increasing the total tax per pack of 20 cigarettes from 36¢ per pack to 86¢ per pack of 20 cigarettes.

Proposed law levies an excise tax equal to \$.05 per milliliter of nicotine liquid solution on vapor products and electronic cigarettes. Proposed law defines "vapor products" as any noncombustible product containing nicotine or other substances that employ a heating element or other mechanical means used to produce vapor from nicotine in a solution.

Proposed law further defines "vapor products" as any electronic cigarette, cigar, or pipe and any vapor cartridge or other container of nicotine in a solution that is intended to be used with or in an electronic cigarette, cigar, or pipe.

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 additional tax on imposed on cigarettes and the tax imposed on vapor 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 provides that the additional tax shall apply to all cigarette products purchased by retail dealers and wholesale dealers on and after July 1, 2015, but shall not apply to stamped products and unused tax stamps in the possession of wholesale dealers prior to July 1, 2015. Requires all wholesale and retail dealers to file an inventory with the Dept. of Revenue by Aug. 1, 2015, of all cigarettes on hand prior to July 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.) and (F) and 842(20), (21), and (22); Adds R.S. 47:841(B)(6) and (G), 841.2, and 842(23))