

HOUSE RESEARCH

Bill Summary

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Overview

This bill taxes little cigars that are designed to appear like and that are marketed like cigarettes as cigarettes, if their weight per thousand is 41/2 pounds or less. The commissioner of revenue is directed to prepare a study of ways to improve compliance with tobacco taxes and to report the results to the 2012 Legislature.

- 1 Citation.** Names the act the "Tobacco Uniformity Act of 2011."
- 2 Definition of cigarette; excise tax.** Modifies the definition of a cigarette for purposes of the excise tax. (This revised definition also affects application of the 75-cent per pack, health impact fee.)

Present law defines a cigarette as any roll for smoking that is made of tobacco and wrapped in paper or something other than tobacco.

This section modifies that definition by adding an alternative method of qualifying as a cigarette for tax purposes - if the roll weighs 4.5 pounds or less per thousand and is wrapped in a substance containing tobacco, but because of its "appearance, size, the type of tobacco used in the filler, or its packaging, pricing, marketing, or labeling" is likely to be considered a cigarette. This definition excludes products that:

- Weigh more than 41/2 pounds per thousand; or
- Are wrapped in whole leaf tobacco and do not have cigarette-style filters.

- 3 Definition of cigarette; unfair cigarette sales act.** Modifies the definition of cigarette for purposes of the minimum pricing law to be consistent with the changes in section 2.
- 4 Tobacco collection report.** Directs the commissioner of revenue to report to the legislature by January 15, 2012, on recommendations for improving the tobacco tax collection system. This report is to cover options for using a unified method of collecting the cigarette excise tax (which is enforced through a stamping system) and the other tobacco products tax (which is collected like any other gross receipts tax). In particular, the study is to consider high technology methods (e.g., e-stamping or other tracking methods) of increasing compliance with the tobacco products tax. An appropriation (author's amendment sets this at \$100,000) is provided to the commissioner of revenue to cover the

cost of the study.