

HOUSE RESEARCH

Bill Summary

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Overview

Cigarette distributors are required to purchase tax stamps from the Department of Revenue for all packages of cigarettes that a distributor sells to a retailer. Current law requires the commissioner of revenue to charge distributors for the face value of the stamp, the costs of the stamp and the stamp shipping costs. This bill removes the requirement that the commissioner of revenue charge distributors for the stamp and shipping costs, and provides instead for a .45% discount on the face value of the stamp, excluding the portion of the face value attributable to the cigarette sales tax. The current rate for the cigarette sales tax is 52.6 cents per pack of 20.

Section

- 1** **Deposit of proceeds.** Removes the requirement that the commissioner recoup the stamp costs and shipping costs when charging cigarette distributors for tax stamps.
- 2** **Price of stamps.** Requires the commissioner to sell tax stamps to distributors at a .45% discount of the difference between the face value of the stamp and the portion of the face value representing the cigarette sales tax.
- 3** **Sale of stamps.** Removes the requirement that the commissioner recoup the stamp costs from the distributor.
- 4** **Distributor's monthly returns.** Exempts the amount of the .45% discount from a distributor's tax liability.