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Overview

Premium cigars are currently taxed at a rate of either 95% of the wholesale price or \$3.50 per cigar, whichever is less. \$3.50 is therefore the maximum tax that can be imposed on a premium cigar under the other tobacco products tax. HF 123 would lower this maximum tax to \$.50. In addition, this bill would modify the definition of premium cigars to include cigars that are not hand-rolled.

Section

- 1 **Premium cigar definition.** Strikes the requirement that a premium cigar must be hand rolled.
- 2 **Rates; premium cigars.** Changes the maximum amount of tax that can be imposed on a premium cigar from \$3.50 to \$.50.
- 3 **Use tax; premium cigars.** Amends the use tax rate to conform to the new rate under section 2.