

SENATE BILL REPORT

SB 6151

As of April 16, 2009

Title: An act relating to taxation of moist snuff.

Brief Description: Concerning the taxation of moist snuff.

Sponsors: Senators Keiser and Kohl-Welles.

Brief History:

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: The tobacco products tax is a tax that applies to tobacco products, with the exception of cigarettes which has its own tax. Examples of tobacco products are cigars, pipe tobacco, and chewing tobacco. The tobacco products tax is due from the distributor when the distributor brings tobacco products into the state, manufactures tobacco products in the state, or ships tobacco products to retailers in the state. The tax is based on the wholesale price. The wholesale price is the price charged by the manufacturer to a distributor.

The tobacco products tax rate is 75 percent of taxable sales price. The tax on cigars is the lesser of 75 percent of taxable sales price, or 50 cents per cigar.

The current distribution of revenue from the tobacco products tax is as follows: 37 percent to the General Fund; 50 percent to the Health Services Account; and 13 percent to the Water Quality Account.

Summary of Bill: Moist snuff is defined as tobacco that is finely cut, ground, or powdered; is not for smoking; and is intended to be placed in the oral, but not the nasal cavity.

Moist snuff is taxed based on the net weight listed by the manufacturer. The tax on each unit that is 1.2 ounces or less is \$2.025. For units that are larger than 1.2 ounces, a tax proportionate to the \$2.025/1.2 ounces is imposed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

As of January 1, 2010, the distribution of the tobacco products tax is 29 percent to the General Fund, 58 percent to the Health Services Account, and 13 percent to the Water Quality Account.

If the federal government requires a tobacco code to track tobacco products, within one year, all individual packages must contain the code that would verify if taxes have been paid on the product. If the federal government does not implement a tobacco code by July 1, 2011, the Department of Revenue (DOR) must come up with a method of determining whether tax has been paid on a product and must provide a recommendation to the Legislature by July 1, 2014.

The Department of Health (DOH), with the assistance of DOR and the Office of Financial Management, must study the use of the consumption of moist snuff by youth. DOH must report their findings to the Legislature by December 1, 2010.

Appropriation: None.

Fiscal Note: Requested on April 4, 2009.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.