

# SENATE BILL REPORT

## SB 6166

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As of January 25, 2012

**Title:** An act relating to cigarette tax revenue for tobacco usage prevention and treatment programs.

**Brief Description:** Concerning cigarette tax revenue for tobacco usage prevention and treatment programs.

**Sponsors:** Senators Tom, Keiser, Kohl-Welles, Kline, Hobbs and Nelson.

**Brief History:**

**Committee Activity:** Ways & Means: 1/25/12.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** Tobacco products are subject to various taxes, including state retail sales and use taxes and tobacco taxes that are paid by wholesalers or distributors of the products in the state. All collected tobacco taxes are deposited in the state General Fund.

Cigarette Tax. The cigarette tax is added directly to the price of cigarettes before the sales tax is applied. The cigarette tax is due from the first person who sells, uses, consumes, handles, possesses, or distributes the cigarettes in the state. The cigarette tax rate is \$0.15125 per cigarette (\$3.025 per pack of 20 cigarettes).

Tobacco Products Taxes. The tobacco products tax applies to all tobacco products, except cigarettes, which are taxed separately. Examples of tobacco products include cigars, pipe tobacco, snuff, 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 tobacco products tax rate is different for different products. Little cigars are taxed at the same rate as cigarettes. Moist snuff is taxed at the greater of \$2.526 per 1.2 oz. package or 83.5 percent of of the cigarette tax rate multiplied by 20 per 1.2 oz package. The current rate is \$2.526 per 1.2 oz. package.

**Summary of Bill:** The tax on cigarettes and little cigars is increased by \$1.00 per pack or \$.05 per cigarette or little cigar. The tax on moist snuff is increased by \$0.835 per 1.2 oz. package. Each fiscal year, \$1.7 million is deposited into the Tobacco Prevention and Control

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*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.*

Account for tobacco usage prevention and treatment programs. The remainder of the revenues are deposited into the General Fund.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2012.