

HB 2514

Bill Analysis

January 27, 2000

Brief Description: Closing a loophole in the tobacco tax for products purchased from persons over whom the state has no jurisdiction.

Bill Sponsors: Representatives Reardon, Cox and Cooper; by request of Department of Revenue.

Brief Summary of Bill

- Applies the tobacco products tax to sellers of untaxed tobacco products.

Staff: Rick Peterson, 786-7150.

Background:

Tobacco products are cigars, pipe tobacco, and chewing tobacco. The tax rate for tobacco products is 74.9 percent of the wholesale price.

The revenue from the tobacco products tax revenues is divided as follows: 48.15 percent to the general fund, 10 percent to the health services account, and the remaining 16.75 percent is dedicated to water quality improvement programs through June 30, 2021, and to the general fund thereafter.

The tobacco products tax is collected from tobacco products distributors. Tobacco products distributors are persons who bring tobacco products into the state, manufacture tobacco products in the state, or ship tobacco products to retailers in this state.

Summary of Bill:

House of Representatives
Office of Program Research
Finance Committee

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The definition of tobacco products distributor is expanded so that the tobacco products tax applies to sellers of untaxed tobacco products.

Appropriation: None.

Fiscal Note: Available.

Effective Date: July 1, 2000.