

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 111** HLS 23RS 503

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 26, 2023 1:06 PM	<b>Author:</b> HUGHES
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Permanently exempts product samples from tobacco tax	

TAX/TOBACCO TAX OR SEE FISC NOTE GF RV Page 1 of 1

Repeals the termination of the tax exemption for cigars and pipe tobacco products sampled at the International Premium Cigar and Pipe Retailers Association convention

Current law subjects cigars, cigarettes and smoking tobacco that are given away by a dealer for advertising or any other purpose to a tobacco tax. For cigars, the tax is 8% of the invoice price (cigars) if the price is \$120 or less per thousand or 20% of the invoice price if the price is more than \$120 per thousand. For smoking tobacco, the tax is 33% of the invoice price. All tobacco products must enter the state destined for a licensed tobacco wholesaler, who then remits the tax.

Current law allows an exemption from state tobacco tax for cigars and pipe tobacco sampled on the premises of the International Premium Cigar and Pipe Retailers Association convention. Effective from January 1, 2013, through December 31, 2025.

Proposed law retains current law and repeals the expiration of the exemption for this event, which makes the exemption permanent.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	SEE BELOW	SEE BELOW	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The bill targets sample products of cigars and pipe tobacco distributed at the International Premium Cigar and Pipe Retailers Association (IPCPR) Convention when held in New Orleans. This same convention was held in New Orleans in 2009 without an exemption and has been held since then with exemption under the current law which is now extended by this bill. The Department of Revenue reported collecting approximately \$45,000 of excise tax from participants self-reporting and remitting their excise tax liabilities from the 2009 event. In the event the convention is held in the state even without the exemption being available, anticipated collections at future events would be somewhat higher given past experience and departmental presence at the convention informing participants of the appropriate liabilities along with the growth in the number of vendors over time.

The convention name has changed since the exemption in this bill was last visited (Act 105 of 2015 Regular Session) and is now known as the Premium Cigar Association (PCA) Convention and International Trade Show, per the organizational website. This fiscal note assumes that the PCA Convention, which appears to be the direct successor to the IPCPR Convention noted in law, will satisfy the conditions of the exemption, should the PCA Convention be held in Louisiana in the future.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Alan M. Boxberger*  
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**Interim Legislative Fiscal Officer**