

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 31, 2023	6:43 PM	Author: HUGHES
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Permanently exempts product samples from tobacco tax		

TAX/TOBACCO TAX EN SEE FISC NOTE GF RV See Note 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 Premium Cigar Association convention. Effective from January 1, 2013, through December 31, 2025.

Proposed law extends the expiration date of the exemption by 20 years to December 31, 2030.

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

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

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 Premium Cigar Association 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 bill would exempt sales tax on any samples distributed if this convention is held in the state through December 31, 2030.

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
Alan M. Boxberger
Interim Legislative Fiscal Officer