

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



Fiscal Note On: **SB 210** SLS 11RS 378  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 22, 2011 8:13 AM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> State tobacco tax suspension for promotional products	

TAX/TAXATION EN -\$50,000 GF RV See Note Page 1 of 1  
 Temporarily exempts cigars and smoking tobacco sampled at certain meetings, conventions, and trade shows for the tobacco tax. (8/15/11)

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.

Proposed 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.

The exemption will be in place from January 1, 2013, through December 31, 2016.

EXPENDITURES	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>5 -YEAR TOTAL</u>
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>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	(\$50,000)	(\$50,000)	<b>(\$100,000)</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>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$50,000)</b>	<b>(\$50,000)</b>	<b>(\$100,000)</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 convention being held in New Orleans. This same convention was held in New Orleans in 2009 without a suspension and in 2010 with a suspension that spanned the four specific days of the event (HCR 216 of 2010 Regular Session). 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. The Department expects that collections at future events would be somewhat more given past experience and departmental presence at the convention informing participants of the appropriate liabilities. According to committee testimony, the convention is considering the New Orleans Convention Center for its August, 2014 and August 2016 events. Thus, this exemption would impact collections in FY 14/15 and FY 15/16.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}

6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Gregory V. Albrecht*  
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