

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 249** HLS 15RS 114
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | | |
|---|---------|-------------------------------|
| Date: May 29, 2015 | 2:36 PM | Author: LEGER |
| Dept./Agy.: Revenue | | Analyst: Greg Albrecht |
| Subject: Tobacco tax exemption for cigar & pipe retailers convention | | |

TAX/TOBACCO TAX RE SEE FISC NOTE GF RV See Note Page 1 of 1
 Extends the excise tax exemption for cigars or pipe tobacco products sampled during the Convention of the International Premium Cigar and Pipe Retailers Association

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, 2016.

Proposed law extends the tax exemption for this event through December 31, 2025.

| EXPENDITURES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 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 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | SEE BELOW | SEE BELOW | 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 |

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 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. The convention may or may not be held in Louisiana for various reasons, including the availability of the exemption provided by this bill. In the event the convention is held in the state even without the exemption being available, the Department would expect that collections at future events would be somewhat more given past experience and departmental presence at the convention informing participants of the appropriate liabilities (possibly in excess of \$100,000 per show with 200 vendors). According to the Department, the convention scheduled for 2015 has 258 vendors registered for tobacco products and accessories.

- | | | | |
|---|----------------------------|--|---|
| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

John D. Carpenter
Legislative Fiscal Officer