

2015 Regular Session

HOUSE BILL NO. 427

BY REPRESENTATIVES JACKSON, COX, GAINES, HALL, HUNTER, JAMES,  
SMITH, AND ALFRED WILLIAMS

TAX/EXCISE: Levies an additional tax on certain tobacco products and levies a tax on  
vapor products and electronic cigarettes

1 AN ACT

2 To amend and reenact R.S. 47:841(introductory paragraph), (A), (C), (E), and (F) and to  
3 enact R.S. 47:841(B)(6) and (G), relative to the tobacco tax; to provide with respect  
4 to the rate of the tax levied on certain tobacco products; to increase the tax on certain  
5 tobacco products; to levy a tobacco tax on certain vapor and cigarette products; to  
6 provide with respect to the application of the tax on tobacco products in the  
7 inventory of certain retail and wholesale dealers; to provide for an effective date; and  
8 to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:841(introductory paragraph), (A), (C), (E), and (F) are hereby  
11 amended and reenacted and R.S. 47:841(B)(6) and (G) are hereby enacted to read as follows:

12 §841. Imposition of tax

13 There is hereby levied a tax upon the sale, use, consumption, handling, or  
14 distribution of all cigars, cigarettes, ~~and~~ smoking and smokeless tobacco, and vapor  
15 products and electronic cigarettes as defined herein, within the state of Louisiana,  
16 according to the classification and rates hereinafter set forth:

17 A. Cigars.

18 (1) Upon cigars invoiced by the manufacturer at one hundred twenty dollars  
19 per thousand or less a tax of ~~eight~~ sixteen percent of the invoice price as defined in  
20 this Chapter.

1 (2) Upon cigars invoiced by the manufacturer at more than one hundred  
2 twenty dollars per thousand a tax of ~~twenty~~ forty percent of the invoice price as  
3 defined in this Chapter.

4 B. Cigarettes.

5 \* \* \*

6 (6) In addition to the tax levied in Paragraphs (1), (2), (4), and (5) of this  
7 Subsection and in Paragraph (3) of this Subsection as continued in effect by Article  
8 7, Section 4.1 of the Constitution of Louisiana, there is hereby levied an additional  
9 tax of three and twelve-twentieths of one cent per cigarette.

10 C. Smoking Tobacco. Upon smoking tobacco, a tax of ~~thirty-three~~ sixty-six  
11 percent of the invoice price as defined in this Chapter.

12 \* \* \*

13 E. Smokeless tobacco. Upon smokeless tobacco, a tax of ~~twenty~~ forty  
14 percent of the invoice price as defined in this Chapter.

15 F. Vapor products and electronic cigarettes. Upon vapor products and  
16 electronic cigarettes, a tax of five cents per milliliter of nicotine liquid solution or  
17 other material containing nicotine that is depleted as a vapor product is used. For  
18 purposes of this Subsection, "vapor products" shall include any noncombustible  
19 product containing nicotine or other substances that employ a heating element, power  
20 source, electronic circuit, or other electronic, chemical or mechanical means,  
21 regardless of shape or size, used to produce vapor from nicotine in a solution or other  
22 form. "Vapor products" include any electronic cigarette, electronic cigar, electronic  
23 cigarillo, electronic pipe, or similar product or device and any vapor cartridge or  
24 other container of nicotine in a solution or other form that is intended to be used with  
25 or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or  
26 similar product or device.

27 F.~~(H)~~G.(1) The Tobacco Regulation Enforcement Fund, hereinafter referred  
28 to as the "fund", is hereby established in the state treasury as a special fund to  
29 provide support for enforcement activities of the office of alcohol and tobacco

1 control. The source of monies for the fund shall be a portion of the avails of the state  
2 tax on cigarettes as provided herein.

3 (2) After compliance with the requirements of Article VII, Section 9(B) of  
4 the Constitution of Louisiana relative to the Bond Security and Redemption Fund,  
5 and after a sufficient amount is allocated from that fund to pay all of the obligations  
6 secured by the full faith and credit of the state which become due and payable within  
7 any fiscal year, the state treasurer shall annually deposit into the fund an amount  
8 equal to the avails of one-quarter of one-twentieth of one cent per cigarette from the  
9 tax on cigarettes imposed pursuant to this Section. Monies in the fund shall be  
10 subject to appropriation by the legislature and then only to the office of alcohol and  
11 tobacco control for purposes of tobacco regulation enforcement. All unexpended and  
12 unencumbered monies in the fund shall be invested by the state treasurer in the same  
13 manner as monies in the state general fund, and all earnings on investment of the  
14 fund shall be deposited into the fund.

15 Section 2. The increase in the tobacco tax imposed by this Act shall apply to all  
16 tobacco products purchased by retail dealers and wholesale dealers on and after July 1, 2015,  
17 and shall not apply to stamped products and unused tax stamps in the possession of  
18 wholesale dealers prior to July 1, 2015. All wholesale and retail dealers shall file an  
19 inventory with the secretary of the Department of Revenue of all tobacco products on hand  
20 prior to July 1, 2015. The inventory shall be filed by August 1, 2015. The secretary shall  
21 have authority to adopt rules and regulations as to the filing of the inventory report.

22 Section 3. The increase in the tax on tobacco products levied by the provisions of  
23 this Act and the levy of the tax on electronic cigarettes and vapors pursuant to the provisions  
24 of this Act shall be effective for the period beginning on July 1, 2015.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 427 Original

2015 Regular Session

Jackson

**Abstract:** Levies an additional tax on cigars, cigarettes, smoking tobacco, and smokeless tobacco and levies a tax on vapor products and electronic cigarettes.

Present law provides for the levy of a tax upon the sale, use, consumption, handling, or distribution of all cigars, cigarettes, and smoking and smokeless tobacco in La.

Present law provides that the rate of the tax for cigars invoiced by the manufacturer at \$120 per 1,000 or less shall be 8% of the invoice price.

Proposed law increases the tax on cigars invoiced by the manufacturer at \$120 per 1,000 or less from 8% of the invoice price to 16% of the invoice price.

Present law provides that the rate of the tax for cigars invoiced by the manufacturer at more than \$120 per 1,000 shall be 20% of the invoice price.

Proposed law increases the tax on cigars invoiced by the manufacturer at more than \$120 per 1,000 from 20% of the invoice price to 40% of the invoice price.

Present law levies a tax on cigarettes at the rate of 36¢ per pack.

Proposed law increases the tax on cigarettes from 36¢ per pack to \$1.08 per pack.

Present law provides that the rate of the tax for smoking tobacco shall be 33% of the invoice price.

Proposed law increases the tax on smoking tobacco from 33% of the invoice price to 66% of the invoice price.

Present law provides that the rate of the tax on smokeless tobacco shall be 20% of the invoice price.

Proposed law increases the tax on smokeless tobacco from 20% of the invoice price to 40% of the invoice price.

Proposed law levies an excise tax equal to five cents per milliliter of nicotine liquid solution on vapor products and electronic cigarettes. Proposed law defines "vapor products" as any noncombustible product containing nicotine or other substances that employ a heating element or other mechanical means used to produce vapor from nicotine in a solution. Proposed law further defines "vapor products" as any electronic cigarette, cigar, or pipe and any vapor cartridge or other container of nicotine in a solution that is intended to be used with or in an electronic cigarette, cigar, or pipe.

Proposed law provides that the additional tax shall apply to all tobacco products purchased by retail dealers and wholesale dealers on and after July 1, 2015, but shall not apply to stamped products and unused tax stamps in the possession of wholesale dealers prior to July 1, 2015. Requires all wholesale and retail dealers to file an inventory with the Dept. of Revenue by Aug. 1, 2015, of all tobacco products on hand prior to July 1, 2015.

Proposed law authorizes the Dept. of Revenue to adopt rules and regulations as to the filing of the inventory report.

Effective July 1, 2015.

(Amends R.S. 47:841(intro. para.), (A), (C), (E), and (F); Adds R.S. 47:841(B)(6) and (G))