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State of Minnesota
HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 123

01/09/2017 Authored by Nash and Bahr, C.,
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; tobacco; modifying the definition of premium cigar; reducing
1.3 the maximum tax on premium cigars; amending Minnesota Statutes 2016, sections
1.4 297F.01, subdivision 13a; 297F.05, subdivisions 3a, 4a.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2016, section 297F.01, subdivision 13a, is amended to read:

1.7 Subd. 13a. **Premium cigar.** "Premium cigar" means any cigar that is hand-constructed
1.8 ~~and hand-rolled~~, has a wrapper that is made entirely from whole tobacco leaf, has a filler
1.9 and binder that is made entirely of tobacco, except for adhesives or other materials used to
1.10 maintain size, texture, or flavor, and has a wholesale price of no less than \$2.

1.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

1.12 Sec. 2. Minnesota Statutes 2016, section 297F.05, subdivision 3a, is amended to read:

1.13 Subd. 3a. **Rates; premium cigars.** (a) A tax is imposed upon all premium cigars in this
1.14 state and upon any person engaged in business as a tobacco product distributor, at the lesser
1.15 of:

1.16 (1) the rate of 95 percent of the wholesale sales price of the premium cigars; or

1.17 (2) ~~\$3.50~~ \$0.50 per premium cigar.

1.18 (b) The tax imposed under paragraph (a) is imposed at the time the tobacco products
1.19 distributor:

1.20 (1) brings, or causes to be brought, into this state from outside the state premium cigars
1.21 for sale;

- 2.1 (2) makes, manufactures, or fabricates premium cigars in this state for sale in this state;
2.2 or
2.3 (3) ships or transports premium cigars to retailers in this state, to be sold by those retailers.

2.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

2.5 Sec. 3. Minnesota Statutes 2016, section 297F.05, subdivision 4a, is amended to read:

2.6 Subd. 4a. **Use tax; premium cigars.** A tax is imposed upon the use or storage by
2.7 consumers of all premium cigars in this state, and upon such consumers, at the lesser of:

2.8 (1) the rate of 95 percent of the cost to the consumer of the premium cigars; or

2.9 (2) ~~\$3.50~~ \$0.50 per premium cigar.

2.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.