

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0238

HB 550-FN, *relative to administration of the tobacco tax*

House Way & Means Committee

This bill makes a number of technical and clarifying changes to RSA 78, Tobacco Tax laws, which include amending and adding definitions, removing references to “metering machines,” clarifying activities constituting unauthorized sales of tobacco products, providing for consumer reporting and payment, and adding records of tobacco stamps sold and tobacco products distributed to required taxpayer records.

Except for the change in the definition of “premium cigar,” there is no applicable fiscal impact related to this bill as it only provides technical corrections to existing law to provide further clarifications for the Department or Revenue Administration, manufacturers, wholesalers, retailers, subjobbers, vending machines operators, samplers and consumers.

In Section 1 of the bill (Page 2, Lines 26-32), the definition of “premium cigar” is amended and removes the dollar criterion (“\$2.00 or more”). Because the dollar criterion is removed from the definition of a premium cigar, there could be a fiscal impact reducing state revenue by an indeterminable amount. Cigars that meet all the criterion within the definition of premium cigar except that they wholesale for less than \$2.00 are currently taxable under RSA 78. Under this bill, those cigars would now meet the definition of premium cigar and would be exempt from taxation under RSA 78. The Department, however, has no specific cigar data in order to estimate the fiscal impact of this change.

FY2014 Department Cash Basis indicates revenue from tobacco products other than cigarettes (OTP), which includes taxable non-premium cigars, was approximately \$9.6 million. Of that \$9.6 million, approximately \$2.0 million was revenue from taxable non-premium cigars. If the dollar criterion is removed from the definition of premium cigar some taxable non-premium cigars might now meet the definition of premium cigar and, therefore, be exempt from taxation under RSA 78. The Department cannot estimate how many taxable non-premium cigars would be exempt from taxation.

This bill would take effect July 1, 2015.

The Department could administer this bill within its current operating budget.