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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2311**

March 22, 2007

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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 finance; changing the computation of the tobacco tax and tobacco
1.3 health impact fee on moist snuff; amending Minnesota Statutes 2006, sections
1.4 297F.01, subdivision 19, by adding a subdivision; 297F.05, subdivisions 3, 4.

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

1.6 Section 1. Minnesota Statutes 2006, section 297F.01, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 10b. **Moist snuff.** "Moist snuff" means any finely cut, ground, or powdered
1.9 smokeless tobacco that is intended to be placed or dipped in the oral cavity.

1.10 Sec. 2. Minnesota Statutes 2006, section 297F.01, subdivision 19, is amended to read:

1.11 Subd. 19. **Tobacco products.** "Tobacco products" means cigars; little cigars;
1.12 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other
1.13 smoking tobacco; snuff, including moist snuff and dry snuff; snuff flour; cavendish; plug
1.14 and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings,
1.15 cuttings and sweepings of tobacco, and other kinds and forms of tobacco, prepared in
1.16 such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for
1.17 chewing and smoking; but does not include cigarettes as defined in this section.

1.18 Sec. 3. Minnesota Statutes 2006, section 297F.05, subdivision 3, is amended to read:

1.19 Subd. 3. **Rates; tobacco products.** A tax is imposed upon all tobacco products in
1.20 this state and upon any person engaged in business as a distributor, at the rate rates of:

1.21 (i) 35 percent of the wholesale sales price of the tobacco products other than moist
1.22 snuff; and

2.1 (ii) in the case of moist snuff, 91 cents per ounce on the net weight of the moist snuff
2.2 in ounces, including a proportionate tax at the like rate on any fractional parts of an ounce,
2.3 as listed by the manufacturer. The tax is imposed at the time the distributor:

2.4 (1) brings, or causes to be brought, into this state from outside the state tobacco
2.5 products for sale;

2.6 (2) makes, manufactures, or fabricates tobacco products in this state for sale in
2.7 this state; or

2.8 (3) ships or transports tobacco products to retailers in this state, to be sold by those
2.9 retailers.

2.10 Sec. 4. Minnesota Statutes 2006, section 297F.05, subdivision 4, is amended to read:

2.11 Subd. 4. **Use tax; tobacco products.** A tax is imposed upon the use or storage by
2.12 consumers of tobacco products in this state, and upon such consumers, at the ~~rate~~ rates of:

2.13 (i) 35 percent of the cost to the consumer of the tobacco products other than moist
2.14 snuff; and

2.15 (ii) in the case of moist snuff, 91 cents per ounce on the net weight of the moist
2.16 snuff in ounces, including a proportionate tax at the like rate on any fractional parts of
2.17 an ounce, as listed by the manufacturer.

2.18 Sec. 5. **EFFECTIVE DATE; TRANSITION.**

2.19 Sections 1 to 4 are effective July 1, 2007. However, sections 3 and 4 do not apply to
2.20 any moist snuff (i) that was in the inventory of a distributor, wholesaler, or retail dealer
2.21 within this state upon the first day of the month following the effective date of this act,
2.22 and (ii) as to which the tax levied by Minnesota Statutes, section 297F.01, subdivision
2.23 3, and the tobacco health impact fee levied by Minnesota Statutes, section 256.9658,
2.24 subdivision 3, paragraph (b), had been paid as of the first day of the month following the
2.25 effective date of sections 1 to 4.