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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3751**

March 4, 2008

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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 taxation; tobacco taxes; decreasing the rate; establishing a maximum
1.3 tax for cigars; providing for tax adjustment; amending Minnesota Statutes 2006,
1.4 section 297F.05, subdivisions 3, 4, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2006, section 297F.05, subdivision 3, is amended to read:

1.7 Subd. 3. **Rates; tobacco products.** A tax is imposed upon all tobacco products
1.8 in this state and upon any person engaged in business as a distributor, at the rate of ~~35~~
1.9 17.37 percent of the wholesale sales price of the tobacco products. The tax is imposed at
1.10 the time the distributor:

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

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

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

1.17 The tax that is imposed upon cigars by this subdivision shall not exceed an amount
1.18 equal to 50 cents per cigar for any wholesale transaction.

1.19 **EFFECTIVE DATE.** This section is effective July 1, 2008.

1.20 Sec. 2. Minnesota Statutes 2006, section 297F.05, subdivision 4, is amended to read:

1.21 Subd. 4. **Use tax; tobacco products.** A tax is imposed upon the use or storage by
1.22 consumers of tobacco products in this state, and upon such consumers, at the rate of ~~35~~

2.1 17.37 percent of the cost to the consumer of the tobacco products not to exceed an amount
2.2 equal to 50 cents per cigar.

2.3 **EFFECTIVE DATE.** This section is effective July 1, 2008.

2.4 Sec. 3. Minnesota Statutes 2006, section 297F.05, is amended by adding a subdivision
2.5 to read:

2.6 Subd. 8. **Tax equity.** Prior to January 15 of every odd-numbered year, the
2.7 commissioner of revenue shall determine, and advise the legislature, what rates of taxation
2.8 for cigars would result in a state cigar tax that would be substantially equal to the tax on
2.9 cigarettes for each dollar of products sold at wholesale.

2.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.