# OKLAHOMA TAX COMMISSION

## FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
## FIRST REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 6, 2013

**BILL NUMBER:** HB 1747 **STATUS AND DATE OF BILL:** Introduced 01/06/13

**AUTHORS:** House Wright Senate n/a

**TAX TYPE (S):** Cigarette & Tobacco **SUBJECT:** Tax Rate

**PROPOSAL:** Amendatory

The measure proposes to amend the Cigarette and Tobacco Tax Codes to tax tobacco products falling within the "little cigar" category at the same tax rate as cigarettes. Specifically, the measure proposes amendment to the definition of cigarette in Section 301 of Title 68 to include any roll of tobacco for smoking, with a ring size of 28 or less, irrespective of the tobacco being flavored, adulterated or mixed with any other ingredients, where such rolled tobacco has a wrapper made chiefly of tobacco. The measure further proposes amendment to exclude any item that meets the definition of "cigarette" from the definition of cigar.

**EFFECTIVE DATE:** July 1, 2013

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 14: $446,000 increase in cigarette tax collections.

**ADMINISTRATIVE IMPACT:**

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 14: None

Feb. 6, 2013
DATE

Rick Miller
DIVISION DIRECTOR

cjc

2-6-2013
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/6/13
DATE

FOR THE COMMISSION

## ATTACHMENT TO FISCAL IMPACT–HB 1747 – [Introduced] – Prepared 02/06/2013

The measure proposes to amend the Cigarette and Tobacco Tax Codes to tax tobacco products falling within the "little cigar" category at the same tax rate as cigarettes. Specifically, the measure proposes amendment to the definition of cigarette in Section 301 of Title 68 to include any roll of tobacco for smoking, with a ring size of 28 or less, irrespective of the tobacco being flavored, adulterated or mixed with any other ingredients, where such rolled tobacco has a wrapper made chiefly of tobacco. The measure further proposes amendment to exclude any item that meets the definition of "cigarette" from the definition of cigar.

The current tax rate for little cigars is $0.036 per little cigar or "stick". The new rate would be $0.0515 or $1.03 for a 20 stick pack. Oklahoma Tax Commission records indicate that in 2012, 28,752,341 little cigars were sold. Application of the tax of $0.036 per stick equals tax collections attributable to little cigar sales of $1,035,084. Applying the cigarette tax rate of $0.0515 to the 28,752,341 little cigars sold equates to cigarette tax collections of $1,480,746. Subtracting the current tobacco tax collections attributable to little cigarette results in an increase in cigarette tax collections of $445,661.