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H.48

Introduced by Representatives Till of Jericho, Austin of Colchester, Brumsted  
of Shelburne, Campbell of St. Johnsbury, Carroll of  
Bennington, Dolan of Waitsfield, Jerome of Brandon,  
Kitzmiller of Montpelier, McCarthy of St. Albans City,  
O'Sullivan of Burlington, Squirrell of Underhill, Walz of Barre  
City, and Yacovone of Morristown

Referred to Committee on

Date:

Subject: Taxation; tobacco taxes; cigarettes

Statement of purpose of bill as introduced: This bill proposes to raise the rate  
of tax on a pack of cigarettes by \$1.25 per pack and to raise the tax on new  
smokeless tobacco products by a corresponding amount.

An act relating to increasing the tobacco tax on cigarettes and new  
smokeless tobacco

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. § 7771(d) is amended to read:

(d) The tax imposed under this section shall be at the rate of ~~154~~ 216.5  
mills per cigarette or little cigar and for each 0.0325 ounces of roll-your-own

1 tobacco. The interest and penalty provisions of section 3202 of this title shall  
2 apply to liabilities under this section.

3 Sec. 2. 32 V.S.A. § 7811 is amended to read:

4 § 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

5 There is hereby imposed and shall be paid a tax on all other tobacco  
6 products, snuff, and new smokeless tobacco possessed in the State of Vermont  
7 by any person for sale on and after July 1, 1959 ~~which~~ that were imported into  
8 the State or manufactured in the State after that date, except that no tax shall be  
9 imposed on tobacco products sold under such circumstances that this State is  
10 without power to impose such tax, or sold to the United States, or sold to or by  
11 a voluntary unincorporated organization of the U.S. Armed Forces operating a  
12 place for the sale of goods pursuant to regulations promulgated by the  
13 appropriate executive agency of the United States. The tax is intended to be  
14 imposed only once upon the wholesale sale of any other tobacco product and  
15 shall be at the rate of 92 percent of the wholesale price for all tobacco products  
16 except snuff, which shall be taxed at ~~\$2.57~~ \$3.61 per ounce, or fractional part  
17 thereof, new smokeless tobacco, which shall be taxed at the greater of ~~\$2.57~~  
18 \$3.61 per ounce or, if packaged for sale to a consumer in a package that  
19 contains less than 1.2 ounces of the new smokeless tobacco, at the rate of ~~\$3.08~~  
20 \$4.33 per package, and cigars with a wholesale price greater than \$2.17, which  
21 shall be taxed at the rate of \$2.00 per cigar if the wholesale price of the cigar is

1 greater than \$2.17 and less than \$10.00, and at the rate of \$4.00 per cigar if the  
2 wholesale price of the cigar is \$10.00 or more. Provided, however, that upon  
3 payment of the tax within 10 days, the distributor or dealer may deduct from  
4 the tax two percent of the tax due. It shall be presumed that all other tobacco  
5 products, snuff, and new smokeless tobacco within the State are subject to tax  
6 until the contrary is established, and the burden of proof that any other tobacco  
7 products, snuff, and new smokeless tobacco are not taxable hereunder shall be  
8 upon the person in possession thereof. Licensed wholesalers of other tobacco  
9 products, snuff, and new smokeless tobacco shall state on the invoice whether  
10 the price includes the Vermont tobacco products tax.

11 Sec. 3. 32 V.S.A. § 7814 is amended to read:

12 § 7814. FLOOR STOCK TAX

13 (a) Snuff. A floor stock tax is hereby imposed upon every retail dealer of  
14 snuff in this State in the amount by which the new tax exceeds the amount of  
15 the tax already paid on the snuff. The tax shall apply to snuff in the possession  
16 or control of the retail dealer at 12:01 a.m. on July 1, ~~2015~~ 2019, but shall not  
17 apply to retail dealers who hold less than \$500.00 in wholesale value of such  
18 snuff. Each retail dealer subject to the tax shall, on or before July 25, ~~2015~~  
19 2019, file a report to the Commissioner in such form as the Commissioner may  
20 prescribe showing the snuff on hand at 12:01 a.m. on July 1, ~~2015~~, 2019 and  
21 the amount of tax due thereon. The tax imposed by this section shall be due

1 and payable on or before August 25, ~~2015~~, 2019 and thereafter shall bear  
2 interest at the rate established under section 3108 of this title. In case of timely  
3 payment of the tax, the retail dealer may deduct from the tax due two percent  
4 of the tax. Any snuff with respect to which a floor stock tax has been imposed  
5 and paid under this section shall not again be subject to tax under section 7811  
6 of this title.

7 (b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the  
8 prohibition against further tax on stamped cigarettes, little cigars, or  
9 roll-your-own tobacco under section 7771 of this title, a floor stock tax is  
10 hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own  
11 tobacco in this State who is either a wholesaler, or a retailer who at 12:01 a.m.  
12 on July 1, ~~2015~~ 2019, has more than 10,000 cigarettes or little cigars or who  
13 has \$500.00 or more of wholesale value of roll-your-own tobacco, for retail  
14 sale in his or her possession or control. The amount of the tax shall be the  
15 amount by which the new tax exceeds the amount of the tax already paid for  
16 each cigarette, little cigar, or roll-your-own tobacco in the possession or  
17 control of the wholesaler or retail dealer at 12:01 a.m. on July 1, ~~2015~~, 2019  
18 and on which cigarette stamps have been affixed before July 1, ~~2015~~ 2019. A  
19 floor stock tax is also imposed on each Vermont cigarette stamp in the  
20 possession or control of the wholesaler at 12:01 a.m. on July 1, ~~2015~~, 2019 and  
21 not yet affixed to a cigarette package, and the tax shall be at the rate of ~~\$0.33~~

1     \$1.25 per stamp. Each wholesaler and retail dealer subject to the tax shall, on  
2     or before July 25, ~~2015~~ 2019, file a report to the Commissioner in such form as  
3     the Commissioner may prescribe showing the cigarettes, little cigars, or  
4     roll-your-own tobacco and stamps on hand at 12:01 a.m. on July 1, ~~2015~~ 2019,  
5     and the amount of tax due thereon. The tax imposed by this section shall be  
6     due and payable on or before July 25, ~~2015~~, 2019 and thereafter shall bear  
7     interest at the rate established under section 3108 of this title. In case of timely  
8     payment of the tax, the wholesaler or retail dealer may deduct from the tax due  
9     two and three-tenths of one percent of the tax. Any cigarettes, little cigars, or  
10    roll-your-own tobacco with respect to which a floor stock tax has been  
11    imposed under this section shall not again be subject to tax under section 7771  
12    of this title.

13    Sec. 4. EFFECTIVE DATE

14    This act shall take effect on July 1, 2019.