

HB5550



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB5550

by Rep. Brad E. Halbrook

SYNOPSIS AS INTRODUCED:

35 ILCS 143/10-10

Amends the Tobacco Products Tax Act. Provides that the tax on cigars may not exceed \$0.50 per cigar.

LRB098 18465 HLH 53602 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Tobacco Products Tax Act of 1995 is amended
5 by changing Section 10-10 as follows:

6 (35 ILCS 143/10-10)

7 Sec. 10-10. Tax imposed.

8 (a) Except as otherwise provided in this Section with
9 respect to little cigars, on the first day of the third month
10 after the month in which this Act becomes law, a tax is imposed
11 on any person engaged in business as a distributor of tobacco
12 products, as defined in Section 10-5, at the rate of (i) 18% of
13 the wholesale price of tobacco products sold or otherwise
14 disposed of to retailers or consumers located in this State
15 prior to July 1, 2012 and (ii) 36% of the wholesale price of
16 tobacco products sold or otherwise disposed of to retailers or
17 consumers located in this State beginning on July 1, 2012;
18 except that, beginning on January 1, 2013, the tax on moist
19 snuff shall be imposed at a rate of \$0.30 per ounce, and a
20 proportionate tax at the like rate on all fractional parts of
21 an ounce, sold or otherwise disposed of to retailers or
22 consumers located in this State. Notwithstanding any other
23 provision of law, the tax on cigars, other than little cigars,

1 may not exceed \$0.50 per cigar. The tax is in addition to all
2 other occupation or privilege taxes imposed by the State of
3 Illinois, by any political subdivision thereof, or by any
4 municipal corporation. However, the tax is not imposed upon any
5 activity in that business in interstate commerce or otherwise,
6 to the extent to which that activity may not, under the
7 Constitution and Statutes of the United States, be made the
8 subject of taxation by this State, and except that, beginning
9 July 1, 2013, the tax on little cigars shall be imposed at the
10 same rate, and the proceeds shall be distributed in the same
11 manner, as the tax imposed on cigarettes under the Cigarette
12 Tax Act. The tax is also not imposed on sales made to the
13 United States or any entity thereof.

14 (b) Notwithstanding subsection (a) of this Section,
15 stamping distributors of packages of little cigars containing
16 20 or 25 little cigars sold or otherwise disposed of in this
17 State shall remit the tax by purchasing tax stamps from the
18 Department and affixing them to packages of little cigars in
19 the same manner as stamps are purchased and affixed to
20 cigarettes under the Cigarette Tax Act, unless the stamping
21 distributor sells or otherwise disposes of those packages of
22 little cigars to another stamping distributor. Only persons
23 meeting the definition of "stamping distributor" contained in
24 Section 10-5 of this Act may affix stamps to packages of little
25 cigars containing 20 or 25 little cigars. Stamping distributors
26 may not sell or dispose of little cigars at retail to consumers

1 or users at locations where stamping distributors affix stamps
2 to packages of little cigars containing 20 or 25 little cigars.

3 (c) The impact of the tax levied by this Act is imposed
4 upon distributors engaged in the business of selling tobacco
5 products to retailers or consumers in this State. Whenever a
6 stamping distributor brings or causes to be brought into this
7 State from without this State, or purchases from without or
8 within this State, any packages of little cigars containing 20
9 or 25 little cigars upon which there are no tax stamps affixed
10 as required by this Act, for purposes of resale or disposal in
11 this State to a person not a stamping distributor, then such
12 stamping distributor shall pay the tax to the Department and
13 add the amount of the tax to the price of such packages sold by
14 such stamping distributor. Payment of the tax shall be
15 evidenced by a stamp or stamps affixed to each package of
16 little cigars containing 20 or 25 little cigars.

17 Stamping distributors paying the tax to the Department on
18 packages of little cigars containing 20 or 25 little cigars
19 sold to other distributors, wholesalers or retailers shall add
20 the amount of the tax to the price of the packages of little
21 cigars containing 20 or 25 little cigars sold by such stamping
22 distributors.

23 (d) Beginning on January 1, 2013, the tax rate imposed per
24 ounce of moist snuff may not exceed 15% of the tax imposed upon
25 a package of 20 cigarettes pursuant to the Cigarette Tax Act.

26 (e) All moneys received by the Department under this Act

1 from sales occurring prior to July 1, 2012 shall be paid into
2 the Long-Term Care Provider Fund of the State Treasury. Of the
3 moneys received by the Department from sales occurring on or
4 after July 1, 2012, except for moneys received from the tax
5 imposed on the sale of little cigars, 50% shall be paid into
6 the Long-Term Care Provider Fund and 50% shall be paid into the
7 Healthcare Provider Relief Fund. Beginning July 1, 2013, all
8 moneys received by the Department under this Act from the tax
9 imposed on little cigars shall be distributed as provided in
10 subsection (a) of Section 2 of the Cigarette Tax Act.

11 (Source: P.A. 97-688, eff. 6-14-12; 98-273, eff. 8-9-13.)