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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 3303

03/27/2014 Authored by Anzele

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; modifying the rate on certain cigarettes; repealing  
1.3 annual indexing for cigarettes; amending Minnesota Statutes 2013 Supplement,  
1.4 section 297F.05, subdivision 1; repealing Minnesota Statutes 2013 Supplement,  
1.5 section 297F.05, subdivision 1a.

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

1.7 Section 1. Minnesota Statutes 2013 Supplement, section 297F.05, subdivision 1,  
1.8 is amended to read:

1.9 Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in  
1.10 this state, upon having cigarettes in possession in this state with intent to sell, upon any  
1.11 person engaged in business as a distributor, and upon the use or storage by consumers, at  
1.12 the following rates: rate of

1.13 ~~(1) on cigarettes weighing not more than three pounds per thousand, 141.5 mills,~~  
1.14 or 14.15 cents on each such cigarette; and

1.15 ~~(2) on cigarettes weighing more than three pounds per thousand, 283 mills on each~~  
1.16 ~~such cigarette.~~

1.17 **EFFECTIVE DATE.** This section is effective July 1, 2014.

1.18 Sec. 2. **REPEALER.**

1.19 Minnesota Statutes 2013 Supplement, section 297F.05, subdivision 1a, is repealed.

1.20 **EFFECTIVE DATE.** This section is effective July 1, 2014.

**297F.05 RATES OF TAX; PERSONAL DEBT.**

Subd. 1a. **Annual indexing.** (a) Each year the commissioner shall adjust the tax rates under subdivision 1, including any adjustment made in prior years under this subdivision, by multiplying the mill rates for the current calendar year by an adjustment factor and rounding the result to the nearest mill. The adjustment factor equals the in-lieu sales tax rate that applies to the following calendar year divided by the in-lieu sales tax rate for the current calendar year. For purposes of this subdivision, "in-lieu sales tax rate" means the tax rate established under section 297F.25, subdivision 1. For purposes of the calculations under this subdivision to be made in any year in which an increase in the federal or state excise tax on cigarettes is implemented, the commissioner shall exclude from the calculated average price for the current year an amount equal to any increase in the state or federal excise tax rate.

(b) The commissioner shall publish the resulting rate by November 1 and the rate applies to sales made on or after January 1 of the following year.

(c) The determination of the commissioner under this subdivision is not a rule and is not subject to the Administrative Procedure Act in chapter 14.