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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2679

03/25/2019 Authored by Gomez
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; increasing the tax rate on premium cigars; amending
1.3 Minnesota Statutes 2018, sections 297F.01, subdivision 13a; 297F.05, subdivisions
1.4 3a, 4a.

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

1.6 Section 1. Minnesota Statutes 2018, section 297F.01, subdivision 13a, is amended to read:

1.7 Subd. 13a. Premium cigar. "Premium cigar" means any cigar that is hand-constructed
1.8 and hand-rolled, has a wrapper that is made entirely from whole tobacco leaf, has a filler
1.9 and binder that is made entirely of tobacco, except for adhesives or other materials used to
1.10 maintain size, texture, or flavor, and has a wholesale price of no less than \$2.

1.11 EFFECTIVE DATE. This section is effective July 1, 2019.

1.12 Sec. 2. Minnesota Statutes 2018, section 297F.05, subdivision 3a, is amended to read:

1.13 Subd. 3a. Rates; premium cigars. (a) A tax is imposed upon all premium cigars in this
1.14 state and upon any person engaged in business as a tobacco product distributor, at the lesser
1.15 of:

1.16 (1) the rate of 95 percent of the wholesale sales price of the premium cigars; or

1.17 (2) \$0.50 \$3.50 per premium cigar.

1.18 (b) The tax imposed under paragraph (a) is imposed at the time the tobacco products
1.19 distributor:

1.20 (1) brings, or causes to be brought, into this state from outside the state premium cigars
1.21 for sale;

- 2.1 (2) makes, manufactures, or fabricates premium cigars in this state for sale in this state;
2.2 or
2.3 (3) ships or transports premium cigars to retailers in this state, to be sold by those retailers.

2.4 **EFFECTIVE DATE.** This section is effective for cigars brought into this state or
2.5 manufactured in the state on or after July 1, 2019.

2.6 Sec. 3. Minnesota Statutes 2018, section 297F.05, subdivision 4a, is amended to read:

2.7 Subd. 4a. **Use tax; premium cigars.** A tax is imposed upon the use or storage by
2.8 consumers of all premium cigars in this state, and upon such consumers, at the lesser of:

- 2.9 (1) the rate of 95 percent of the cost to the consumer of the premium cigars; or
2.10 (2) ~~\$0.50~~ \$3.50 per premium cigar.

2.11 **EFFECTIVE DATE.** This section is effective for cigars brought into this state or
2.12 manufactured in the state on or after July 1, 2019.