

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 135

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DATE	D-PG	OFFICIAL STATUS
01/28/2013	102	Introduction and first reading Referred to Taxes

A bill for an act

relating to tobacco; modifying the definition of cigarette; proposing a study;
requiring a report; appropriating money; amending Minnesota Statutes 2012,
sections 297F.01, subdivision 3; 325D.32, subdivision 2.

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

Section 1. **CITATION.**

This act may be cited as the "Tobacco Uniformity Act of 2013."

Sec. 2. Minnesota Statutes 2012, section 297F.01, subdivision 3, is amended to read:

Subd. 3. **Cigarette.** "Cigarette" means any roll for smoking made wholly or in part
of tobacco; that weighs 4.5 pounds or less per thousand:

(1) the wrapper or cover of which is made of paper or another substance or material
except tobacco; or

(2) wrapped in any substance containing tobacco, however labeled or named, which,
because of its appearance, size, the type of tobacco used in the filler, or its packaging,
pricing, marketing, or labeling, is likely to be offered to or purchased by consumers as
a cigarette, as defined in clause (1), unless it is wrapped in whole tobacco leaf and does
not have a cellulose acetate or other cigarette-like filter.

Sec. 3. Minnesota Statutes 2012, section 325D.32, subdivision 2, is amended to read:

Subd. 2. **Cigarettes.** "Cigarettes" means and includes any roll for smoking, made
wholly or in part of tobacco, irrespective of size and shape and whether or not such
tobacco is flavored, adulterated or mixed with any other ingredient, the wrapper or cover

of which is made of paper or any other substance or material except whole tobacco leaf,
and includes any cigarette as defined in section 297F.01, subdivision 3.

Sec. 4. **TOBACCO TAX COLLECTION REPORT.**

Subdivision 1. Report to legislature. (a) The commissioner of revenue shall report
to the 2014 legislature on the tobacco tax collection system, including recommendations
to improve compliance under the excise tax for both cigarettes and other tobacco products.
The purpose of the report is to provide information and guidance to the legislature on
improvements to the tobacco tax collection system to:

(1) provide a unified system of collecting both the cigarette and other tobacco
products taxes, regardless of category, size, or shape, that ensures the highest reasonable
rates of tax collection;

(2) discourage tax evasion; and

(3) help to prevent illegal sale of tobacco products, which may make these products
more accessible to youth.

(b) In the report, the commissioner shall:

(1) provide a detailed review of the present excise tax collection and compliance
system as it applies to both cigarettes and other tobacco products. This must include
an assessment of the levels of compliance for each category of products and the effect
of the stamping requirement on compliance rates for cigarettes relative to other tobacco
products. It also must identify any weaknesses in the system;

(2) survey the methods of collection and enforcement used by other states or nations,
including identifying and discussing emerging best practices that ensure tracking of both
cigarettes and other tobacco products and result in the highest rates of tax collection and
compliance. These best practices must consider high-technology alternatives, such as use
of bar codes, radio-frequency identification tags, or similar mechanisms for tracking
compliance;

(3) evaluate the adequacy and effectiveness of the existing penalties and other
sanctions for noncompliance;

(4) evaluate the adequacy of the resources allocated by the state to enforce the
tobacco tax and prevention laws; and

(5) make recommendations on implementation of a comprehensive tobacco tax
collection system for Minnesota that can be implemented by January 1, 2016, including:

(i) recommendations on the specific steps needed to institute and implement the new
system, including estimates of the state's costs of doing so and any additional personnel
requirements;

3.1 (ii) recommendations on methods to recover the cost of implementing the system
3.2 from the industry;

3.3 (iii) evaluation of the extent to which the proposed system is sufficiently flexible
3.4 and adaptable to adjust to modifications in the construction, packaging, formatting, and
3.5 marketing of tobacco products by the industry; and

3.6 (iv) recommendations to modify existing penalties or to impose new penalties or
3.7 other sanctions to ensure compliance with the system.

3.8 Subd. 2. **Due date.** The report required by subdivision 1 is due January 15, 2014.

3.9 Subd. 3. **Procedure.** The report required under this section must be made in the
3.10 manner provided under Minnesota Statutes, section 3.195. In addition, copies must be
3.11 provided to the chairs and ranking minority members of the legislative committees and
3.12 divisions with jurisdiction over taxation.

3.13 Subd. 4. **Appropriation.** (a) \$..... is appropriated from the general fund to the
3.14 commissioner of revenue for fiscal year 2014 for the cost of preparing the report under
3.15 subdivision 1.

3.16 (b) The appropriation under this subdivision is a onetime appropriation and is not
3.17 included in the base budget.