A bill for an act

relating to taxation; tobacco; moist snuff; amending Minnesota Statutes 2008, sections 297F.01, subdivision 19, by adding a subdivision; 297F.05, subdivisions 3, 4.

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

Section 1. Minnesota Statutes 2008, section 297F.01, is amended by adding a subdivision to read:

<u>Subd. 10b.</u> <u>**Moist snuff.**</u> <u>"Moist snuff" means any finely cut, ground, or powdered tobacco that is not intended to be smoked but shall not include any finely cut, ground, or powdered tobacco that is intended to be placed in the nasal cavity.</u>

Sec. 2. Minnesota Statutes 2008, section 297F.01, subdivision 19, is amended to read:

Subd. 19. **Tobacco products.** "Tobacco products" means cigars; little cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; ~~snuff flour;~~ cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking; but does not include cigarettes as defined in this section.

Sec. 3. Minnesota Statutes 2008, section 297F.05, subdivision 3, is amended to read:

Subd. 3. **Rates; tobacco products.** A tax is imposed upon all tobacco products in this state and upon any person engaged in business as a distributor, at the <u>following rates: (i) on tobacco products other than moist snuff, at the</u> rate of 35 percent of the wholesale sales price of the tobacco products~~.~~; and (ii) on moist snuff, at the rate of 88 cents per ounce and a proportionate tax at the same rate on all fractional parts of an ounce thereof. The tax on moist snuff shall be computed based on the net weight as listed by the manufacturer. The tax is imposed at the time the distributor:

(1) brings, or causes to be brought, into this state from outside the state tobacco products for sale;

(2) makes, manufactures, or fabricates tobacco products in this state for sale in this state; or

(3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

Sec. 4. Minnesota Statutes 2008, section 297F.05, subdivision 4, is amended to read:

Subd. 4. **Use tax; tobacco products.** A tax is imposed upon the use or storage by consumers of tobacco products in this state, and upon such consumers, at the following rates: (i) on tobacco products other than moist snuff, at the rate of 35 percent of the cost to the consumer of the tobacco products~~.~~; and (ii) on moist snuff, at the rate of 88 cents per ounce and a proportionate tax at the same rate on all fractional parts on an ounce thereof. The tax on moist snuff shall be computed based on the net weight as listed by the manufacturer.