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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1544

03/09/2015 Authored by Nash; Albright; Anderson, M.; McDonald; Drazkowski and others  
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 definition of premium cigar;  
1.3 reducing the maximum tax on premium cigars; amending Minnesota Statutes  
1.4 2014, sections 297F.01, subdivision 13a; 297F.05, subdivisions 3a, 4a.

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

1.6 Section 1. Minnesota Statutes 2014, section 297F.01, subdivision 13a, is amended to  
1.7 read:

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

1.13 **EFFECTIVE DATE.** This section is effective July 1, 2015.

1.14 Sec. 2. Minnesota Statutes 2014, section 297F.05, subdivision 3a, is amended to read:

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

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

1.18 (2) ~~\$3.50~~ \$0.50 per premium cigar.

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

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

2.1 (2) makes, manufactures, or fabricates premium cigars in this state for sale in this  
2.2 state; or

2.3 (3) ships or transports premium cigars to retailers in this state, to be sold by those  
2.4 retailers.

2.5 **EFFECTIVE DATE.** This section is effective July 1, 2015.

2.6 Sec. 3. Minnesota Statutes 2014, 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) ~~\$3.50~~ \$0.50 per premium cigar.

2.11 **EFFECTIVE DATE.** This section is effective July 1, 2015.