

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

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

(1) on cigarettes weighing not more than three pounds per thousand, 24 mills on each such cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, 48 mills on each such cigarette.

Subd. 2. **Distribution of free sample packages.** A person who distributes free packages of cigarettes is liable for the payment of tax under this chapter.

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 rate of 35 percent of the wholesale sales price of the tobacco products. 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.

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 rate of 35 percent of the cost to the consumer of the tobacco products.

Subd. 5. **Tax as personal debt.** The tax imposed by this chapter, and interest and penalties imposed with respect to it, is a personal debt of the person required to file a return from the time the liability for it arises, regardless of when the time for payment of the liability occurs. In the case of the executor or administrator of the estate of a decedent and in the case of any fiduciary, the debt is that of the person in the person's official or fiduciary capacity only, unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties. In that case, the person is personally liable for the deficiency.

Subd. 6. **Tax construction.** The tax imposed by this section is not a cost of doing business or an overhead expense under section 325D.01, subdivision 7.

Subd. 7. **Tax; sales by state.** The state of Minnesota or any of its agencies, instrumentalities, or governmental subdivisions is subject to the tax imposed by this chapter on all cigarettes or tobacco products sold, in the same manner as distributors, if such unit is engaged in the purchase and sale of cigarettes or tobacco products.

**History:** 1997 c 106 art 1 s 5; 2003 c 127 art 14 s 5