

SB3400



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3400

Introduced 2/16/2018, by Sen. Pamela J. Althoff

SYNOPSIS AS INTRODUCED:

35 ILCS 143/10-10

Amends the Tobacco Products Tax Act of 1995. Provides that, beginning January 1, 2019, the tax per cigar or other rolled tobacco product sold or otherwise disposed of shall not exceed \$0.50 per cigar or roll. Provides that, on or before December 31, 2021, an additional surtax of \$0.25 per cigar or other rolled tobacco product shall also be imposed on any cigar or rolled tobacco product that would have been subject to a tax of \$0.75 or more if not for the \$0.50 maximum tax. Effective January 1, 2019.

LRB100 20773 HLH 36261 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Tobacco Products Tax Act of 1995 is amended
5 by changing Section 10-10 as follows:

6 (35 ILCS 143/10-10)

7 Sec. 10-10. Tax imposed.

8 (a) Except as otherwise provided in this Section with
9 respect to little cigars, on the first day of the third month
10 after the month in which this Act becomes law, a tax is imposed
11 on any person engaged in business as a distributor of tobacco
12 products, as defined in Section 10-5, at the rate of (i) 18% of
13 the wholesale price of tobacco products sold or otherwise
14 disposed of to retailers or consumers located in this State
15 prior to July 1, 2012 and (ii) 36% of the wholesale price of
16 tobacco products sold or otherwise disposed of to retailers or
17 consumers located in this State beginning on July 1, 2012;
18 except that, beginning on January 1, 2013, the tax on moist
19 snuff shall be imposed at a rate of \$0.30 per ounce, and a
20 proportionate tax at the like rate on all fractional parts of
21 an ounce, sold or otherwise disposed of to retailers or
22 consumers located in this State. The tax is in addition to all
23 other occupation or privilege taxes imposed by the State of

1 Illinois, by any political subdivision thereof, or by any
2 municipal corporation. However, the tax is not imposed upon any
3 activity in that business in interstate commerce or otherwise,
4 to the extent to which that activity may not, under the
5 Constitution and Statutes of the United States, be made the
6 subject of taxation by this State, and except that, beginning
7 July 1, 2013, the tax on little cigars shall be imposed at the
8 same rate, and the proceeds shall be distributed in the same
9 manner, as the tax imposed on cigarettes under the Cigarette
10 Tax Act. The tax is also not imposed on sales made to the
11 United States or any entity thereof.

12 (b) Notwithstanding subsection (a) of this Section,
13 stamping distributors of packages of little cigars containing
14 20 or 25 little cigars sold or otherwise disposed of in this
15 State shall remit the tax by purchasing tax stamps from the
16 Department and affixing them to packages of little cigars in
17 the same manner as stamps are purchased and affixed to
18 cigarettes under the Cigarette Tax Act, unless the stamping
19 distributor sells or otherwise disposes of those packages of
20 little cigars to another stamping distributor. Only persons
21 meeting the definition of "stamping distributor" contained in
22 Section 10-5 of this Act may affix stamps to packages of little
23 cigars containing 20 or 25 little cigars. Stamping distributors
24 may not sell or dispose of little cigars at retail to consumers
25 or users at locations where stamping distributors affix stamps
26 to packages of little cigars containing 20 or 25 little cigars.

1 (c) The impact of the tax levied by this Act is imposed
2 upon distributors engaged in the business of selling tobacco
3 products to retailers or consumers in this State. Whenever a
4 stamping distributor brings or causes to be brought into this
5 State from without this State, or purchases from without or
6 within this State, any packages of little cigars containing 20
7 or 25 little cigars upon which there are no tax stamps affixed
8 as required by this Act, for purposes of resale or disposal in
9 this State to a person not a stamping distributor, then such
10 stamping distributor shall pay the tax to the Department and
11 add the amount of the tax to the price of such packages sold by
12 such stamping distributor. Payment of the tax shall be
13 evidenced by a stamp or stamps affixed to each package of
14 little cigars containing 20 or 25 little cigars.

15 Stamping distributors paying the tax to the Department on
16 packages of little cigars containing 20 or 25 little cigars
17 sold to other distributors, wholesalers or retailers shall add
18 the amount of the tax to the price of the packages of little
19 cigars containing 20 or 25 little cigars sold by such stamping
20 distributors.

21 (d) Beginning on January 1, 2013, the tax rate imposed per
22 ounce of moist snuff may not exceed 15% of the tax imposed upon
23 a package of 20 cigarettes pursuant to the Cigarette Tax Act.

24 (d-5) Notwithstanding the provisions of this Section,
25 beginning January 1, 2019, the tax per cigar or other rolled
26 tobacco product sold or otherwise disposed of shall not exceed

1 \$0.50 per cigar or roll; provided, however, that, with respect
2 to cigars or rolls sold or disposed of on or after January 1,
3 2019 and on or before December 31, 2021, an additional surtax
4 of \$0.25 per cigar or other rolled tobacco product shall also
5 be imposed on any cigar or rolled tobacco product that would
6 have been subject to a tax of \$0.75 or more if not for the \$0.50
7 maximum tax provided by this subsection. This surtax shall be
8 collected, administered, and enforced by the Department in the
9 same manner as the tax imposed by this Section, except that all
10 moneys received by the Department from the surtax shall be paid
11 into the General Revenue Fund of the State.

12 (e) All moneys received by the Department under this Act
13 from sales occurring prior to July 1, 2012 shall be paid into
14 the Long-Term Care Provider Fund of the State Treasury. Of the
15 moneys received by the Department from sales occurring on or
16 after July 1, 2012, except for moneys received from the tax
17 imposed on the sale of little cigars, 50% shall be paid into
18 the Long-Term Care Provider Fund and 50% shall be paid into the
19 Healthcare Provider Relief Fund. Beginning July 1, 2013, all
20 moneys received by the Department under this Act from the tax
21 imposed on little cigars shall be distributed as provided in
22 subsection (a) of Section 2 of the Cigarette Tax Act.

23 (Source: P.A. 97-688, eff. 6-14-12; 98-273, eff. 8-9-13.)

24 Section 99. Effective date. This Act takes effect January
25 1, 2019.