BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	**HB 2370**
Version:	**FULLPCS1**
Request Number:	**7764**
Author:	**Rep. Leslie Osborn**
Date:	**4/27/2017**
Impact:	**Tax Commission:**
	Net Positive Revenue FY-18: $4.15 Million

Research Analysis

Please see previous summary of this measure.

Prepared By: Marcia Goff

Fiscal Analysis

From the Tax Commission:

Tax Little Cigars at the same rate as Cigarettes

The measure proposes amendment to the Tobacco Products Tax Code to tax little cigars at the same rate as cigarettes.

Little cigars are currently taxed at a rate of $0.0036 per little cigar. In FY16, 21,071,919 little cigars were reported sold and $758,589 collected in tax. Taxing the products falling within the "little cigar" category to the current tax rate of cigarettes would increase the rate to $0.0515. The amendment would conform Oklahoma law to federal law that now taxes all "little cigars" at the same rate as cigarettes (effective April 1, 2009). For FY 18, an estimated increase in tobacco products tax in the amount of $300,000[1] is projected to occur as a result of this measure.

Big Cigar rate increase [$0.05 per cigar]

The measure proposes an additional tobacco products tax levy on big cigars in the amount of $50.00 per thousand or $0.05 per big cigar. The additional revenue attributable to this new levy are to be deposited to the General Revenue Fund.

Cigars are sold at a current tax rate of $0.12 per cigar. In FY16, 83,990,199 big cigars were reported sold resulting in tax collections of $10,078,824. A five cent increase per cigar would generate an estimated increase in tobacco products tax collections of $3,850,000[1].

Net Revenue Impact

FY 18: $4,150,000 estimated increase in tobacco products tax collections.

Prepared By: Mark Tygret

Other Considerations

None.