

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3221
Version:	INT
Request Number:	9085
Author:	Rep. Dustin Roberts
Date:	2/10/2020
Impact:	Tax Commission:
	Minimal increase in Sales and Use Revenue
	Minimal Decrease in Tobacco Products Revenue

Research Analysis

HB3221, as introduced, simplifies the definition of *tobacco products*, as it relates to tobacco products excise tax, to mean any cigars, smoking tobacco and smokeless tobacco. The measure also establishes new definitions for the following tobacco products: *smokeless tobacco*, *snuff*, *chewing tobacco*, *smoking tobacco*, *pipe tobacco* and *roll-your-own tobacco*.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

The measure proposes amendment to Section 401 of Title 68 by modifying definitions for purposes of the Oklahoma tobacco products excise tax. Specifically, the measure redefines tobacco products to mean any cigars, smoking tobacco, and smokeless tobacco striking the current statutory language which includes articles or products made of tobacco substitutes. The measure provides definitions for “smokeless tobacco” and “smoking tobacco”. As defined by this measure “smokeless tobacco” shall mean all smokeless tobacco including snuff¹ and chewing tobacco² while “smoking tobacco” shall mean any pipe tobacco³ or roll-your-own tobacco.⁴

Currently, the Tax Commission considers nicotine and other tobacco substitute products which are classified by the Federal Drug Administration as tobacco products to be subject to the tobacco products excise tax. Based upon the proposed amendatory language excluding these tobacco substitutes from the definition of tobacco products, a minimal decrease in tobacco products excise tax revenues is estimated for FY 21. The described amendment, if adopted, would subject the retail sales of these products to sales tax resulting in a minimal increase in state sales tax collections.

¹ “Snuff” shall be defined as any finely cut, ground or powdered tobacco that is not intended to be smoked.

² “Chewing tobacco” is defined to mean any leaf tobacco that is not intended to be smoked.

³ “Pipe tobacco” means any tobacco which because of its appearance, type, packaging or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco to be smoked in a pipe.

⁴ “Roll-your-own tobacco” means any tobacco which, because of its appearance, type, packaging or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes or cigars, or for use as wrappers thereof.

Prepared By: Mark Tygret

Other Considerations

None.

