

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 15-0745.03 Ed DeCecco x4216

HOUSE BILL 15-1301

HOUSE SPONSORSHIP

Williams, Kagan, Melton, Pabon

SENATE SPONSORSHIP

Grantham and Hill,

House Committees

Business Affairs and Labor
Finance
Appropriations

Senate Committees

Finance
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A CREDIT FOR TOBACCO PRODUCTS**
102 **THAT A DISTRIBUTOR SHIPS OR TRANSPORTS TO AN**
103 **OUT-OF-STATE CONSUMER, AND, IN CONNECTION THEREWITH,**
104 **CREATING THE "CIGAR ON-LINE SALES EQUALIZATION ACT"**
105 **AND MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill permits a distributor to claim a credit for taxes paid on tobacco products that are shipped or transported by the distributor to a

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
3rd Reading Unamended
May 6, 1015

SENATE
2nd Reading Unamended
May 05, 2015

HOUSE
3rd Reading Unamended
April 30, 2015

HOUSE
Amended 2nd Reading
April 29, 2015

consumer outside of the state.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Short title.** This act shall be known and may be
3 cited as the "Cigar On-line Sales Equalization Act".

4 **SECTION 2. Legislative declaration.** (1) The general assembly
5 hereby finds and declares that:

6 (a) Colorado's excise tax on other tobacco products was not
7 intended to apply to out-of-state sales;

8 (b) An out-of-state consumer that purchases tobacco products
9 from a Colorado distributor may be responsible for his or her state's
10 excise tax on the products;

11 (c) Other states provide a credit to distributors that make
12 out-of-state sales to consumers; and

13 (d) Colorado distributors are at a competitive disadvantage
14 compared to distributors in other states.

15 (2) Now, therefore, the intended purpose of the tax credit created
16 in this act is to avoid double state excise taxation and to remove a barrier
17 to Colorado businesses selling tobacco products other than cigarettes
18 on-line to out-of-state consumers.

19 **SECTION 3.** In Colorado Revised Statutes, 39-28.5-107, **amend**
20 (1) as follows:

21 **39-28.5-107. When credit may be obtained for tax paid.**

22 (1) Where tobacco products, upon which the tax imposed by this article
23 has been reported and paid, are shipped or transported by the distributor
24 to retailers without the state to be sold by those retailers, ARE SHIPPED OR
25 TRANSPORTED BY THE DISTRIBUTOR TO A CONSUMER WITHOUT THE STATE

1 ON OR AFTER SEPTEMBER 1, 2015, BUT PRIOR TO SEPTEMBER 1, 2018, or
2 are returned to the manufacturer by the distributor or destroyed by the
3 distributor, credit of such tax may be made to the distributor in
4 accordance with regulations prescribed by the department.

5 **SECTION 4. Appropriation.** (1) For the 2014-15 state fiscal
6 year, \$15,826 is appropriated to the department of revenue. This
7 appropriation is from the general fund. To implement this act, the
8 department may use this appropriation as follows:

9 (a) \$14,626 for CITA annual maintenance and support; and

10 (b) \$1,200 for document management;

11 (2) For the 2014-15 state fiscal year, \$1,200 is appropriated to the
12 department of personnel. This appropriation is from reappropriated funds
13 received from the department of revenue under paragraph (b) of
14 subsection (1) of this section. To implement this act, the department may
15 use this appropriation to provide document management services for the
16 department of revenue.

17 **SECTION 5. Safety clause.** The general assembly hereby finds,
18 determines, and declares that this act is necessary for the immediate
19 preservation of the public peace, health, and safety.