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H.109

Introduced by Representatives Till of Jericho, Aswad of Burlington, Dakin of  
Chester, Evans of Essex, Fisher of Lincoln, Frank of Underhill,  
French of Randolph, Jerman of Essex, Kitzmiller of Montpelier,  
Kupersmith of South Burlington, Lenex of Shelburne, Macaig  
of Williston, Mitchell of Barnard, Mrowicki of Putney, Nuovo  
of Middlebury, Poirier of Barre City, Shand of Weathersfield,  
Spengler of Colchester, Stevens of Waterbury, Waite-Simpson  
of Essex, Weston of Burlington and Wizowaty of Burlington

Referred to Committee on

Date:

Subject: Taxation; cigarettes and tobacco products

Statement of purpose: This bill proposes to raise the cigarette and tobacco  
products tax rates.

An act relating to raising the cigarette and tobacco products tax rates

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. § 7771 is amended to read:

§ 7771. RATE OF TAX

\* \* \*

1 (d) The tax imposed under this section shall be at the rate of ~~442~~ 162 mills  
2 per cigarette or little cigar and for each 0.0325 ounces of roll-your-own  
3 tobacco. The interest and penalty provisions of section 3202 of this title shall  
4 apply to liabilities under this section.

5 Sec. 2. 32 V.S.A. § 7811 is amended to read:

6 § 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

7 There is hereby imposed and shall be paid a tax on all tobacco products  
8 except roll-your-own tobacco and little cigars taxed under section 7771 of this  
9 title possessed in the state of Vermont by any person for sale on and after  
10 July 1, 1959 which were imported into the state or manufactured in the state  
11 after said date, except that no tax shall be imposed on tobacco products sold  
12 under such circumstances that this state is without power to impose such tax,  
13 or sold to the United States, or sold to or by a voluntary unincorporated  
14 organization of the armed forces of the United States operating a place for the  
15 sale of goods pursuant to regulations promulgated by the appropriate executive  
16 agency of the United States. Such tax is intended to be imposed only once  
17 upon the wholesale sale of any tobacco product and shall be at the rate of 92  
18 percent of the wholesale price for all tobacco products except snuff, which  
19 shall be taxed at ~~\$1.87~~ \$2.70 per ounce, or fractional part thereof, new  
20 smokeless tobacco, which shall be taxed at the greater of ~~\$1.87~~ \$2.70 per  
21 ounce or, if packaged for sale to a consumer in a package that contains less

1 than 1.2 ounces of the new smokeless tobacco, at the rate of \$2.24 per package,  
2 and cigars with a wholesale price greater than \$1.08, which shall be taxed at  
3 the rate of \$2.00 per cigar if the wholesale price of the cigar is greater than  
4 \$1.08 and less than \$10.00, and at the rate of \$4.00 per cigar if the wholesale  
5 price of the cigar is \$10.00 or more. Provided, however, that upon payment of  
6 the tax within 10 days, the distributor or dealer may deduct from the tax two  
7 percent of the tax due. It shall be presumed that all tobacco products within  
8 the state are subject to tax until the contrary is established and the burden of  
9 proof that any tobacco products are not taxable hereunder shall be upon the  
10 person in possession thereof. Wholesalers of tobacco products shall state on  
11 the invoice whether the price includes the Vermont tobacco products tax.

12 Sec. 3. 32 V.S.A. § 7814 is amended to read:

13 § 7814. FLOOR STOCK TAX

14 (a) Snuff. A floor stock tax is hereby imposed upon every retailer of snuff  
15 in this state in the amount by which the new tax exceeds the amount of the tax  
16 already paid on the snuff. The tax shall apply to snuff in the possession or  
17 control of the retailer at 12:01 a.m. o'clock on July 1, ~~2006~~ 2011, but shall not  
18 apply to retailers who hold less than \$500.00 in wholesale value of such snuff.  
19 Each retailer subject to the tax shall, on or before July 25, ~~2006~~ 2011 file a  
20 report to the commissioner in such form as the commissioner may prescribe  
21 showing the snuff on hand at 12:01 a.m. o'clock on July 1, ~~2006~~ 2011, and the

1 amount of tax due thereon. The tax imposed by this section shall be due and  
2 payable on or before August 25, ~~2006~~ 2011, and thereafter shall bear interest at  
3 the rate established under section 3108 of this title. In case of timely payment  
4 of the tax, the retailer may deduct from the tax due two percent of the tax. Any  
5 snuff with respect to which a floor stock tax has been imposed and paid under  
6 this section shall not again be subject to tax under section 7811 of this title.

7 (b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the  
8 prohibition against further tax on stamped cigarettes, little cigars, or  
9 roll-your-own tobacco under section 7771 of this title, a floor stock tax is  
10 hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own  
11 tobacco in this state who is either a wholesaler, or a retailer who at 12:01 a.m.  
12 on July 1 ~~following enactment of this act, 2011~~, has more than 10,000  
13 cigarettes or little cigars or who has \$500.00 or more of wholesale value of  
14 roll-your-own tobacco, for retail sale in his or her possession or control. The  
15 amount of the tax shall be the amount by which the new tax exceeds the  
16 amount of the tax already paid for each cigarette, little cigar, or roll-your-own  
17 tobacco in the possession or control of the wholesaler or retailer at 12:01 a.m.  
18 on July 1 ~~following enactment of this act, 2011~~, and on which cigarette stamps  
19 have been affixed before July 1 ~~following enactment of this act, 2011~~. A floor  
20 stock tax is also imposed on each Vermont cigarette stamp in the possession or  
21 control of the wholesaler at 12:01 a.m. on July 1 ~~following enactment of this~~

1     ~~act, 2011~~, and not yet affixed to a cigarette package, and the tax shall be at the  
2     rate of \$0.25 per stamp. Each wholesaler and retailer subject to the tax shall,  
3     on or before July 25 ~~following enactment of this act, 2011~~, file a report to the  
4     commissioner in such form as the commissioner may prescribe showing the  
5     cigarettes, little cigars, or roll-your-own tobacco and stamps on hand at 12:01  
6     a.m. on July 1 ~~following enactment of this act, 2011~~, and the amount of tax due  
7     thereon. The tax imposed by this section shall be due and payable on or before  
8     July 25 ~~following enactment of this act, 2011~~, and thereafter shall bear interest  
9     at the rate established under section 3108 of this title. In case of timely  
10    payment of the tax, the wholesaler or retailer may deduct from the tax due two  
11    and three-tenths of one percent of the tax. Any cigarettes, little cigars, or  
12    roll-your-own tobacco with respect to which a floor stock tax has been  
13    imposed under this section shall not again be subject to tax under section 7771  
14    of this title.

15    Sec. 4. EFFECTIVE DATE

16    This act shall take effect on July 1, 2011.