

# MINNESOTA • REVENUE

## CIGARETTE EXCISE TAX Out-of-State Transport

April 8, 2003

	Yes	No
Separate Official Fiscal Note Requested		
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		

Department of Revenue  
Analysis of S.F. 1141 (Pogemiller) / H.F. 1199 (Abrams)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective the day following final enactment.

### EXPLANATION OF THE BILL

**Current Law:** There are no current provisions for Minnesota distributors receiving cigarettes in Minnesota and transporting them to another state.

**Proposed Law:** Cigarettes transported from Minnesota to another state for sale will need to have the stamp of the selling state affixed prior to shipment and/or have any other required excise tax paid prior to shipment. A provision is made for quarterly reporting to the attorney general of cigarettes transported from the state and the names of the recipients.

### REVENUE ANALYSIS DETAIL

- The bill provides for administrative tracking of cigarettes moving into the state that are not sold in the state. There is no impact on tax revenue.
- The bill is directed at issues regarding litigation settlement agreements between cigarette manufacturers and the fifty states and unexpected market share developments. The bill could result in an impact on Minnesota's settlement payments.

**Number of Taxpayers:** There are 73 cigarette distributors in Minnesota.

Source: Minnesota Department of Revenue  
Tax Research Division  
<http://www.taxes.state.mn.us/polic.html#analyses>