

April 24, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 5444 (Rest)

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
		(000's)		
Tobacco Products Excise Tax	\$0	\$2,930	\$3,510	\$3,860
Sales Tax – Tobacco Products	\$0	(\$500)	(\$590)	(\$650)
General Fund – Total	\$0	\$2,430	\$2,920	\$3,210
Sales Tax – Tobacco Products	\$0	(\$30)	(\$30)	(\$40)
Natural Resources and Arts Funds – Total	\$0	(\$30)	(\$30)	(\$40)
Total – All Funds	\$0	\$2,400	\$2,890	\$3,170

Effective July 1, 2024.

EXPLANATION OF THE BILL

Current Law: The tobacco products excise tax rate is 95% of the wholesale price with a minimum tax on each container of moist snuff equal to the excise tax rate imposed on a pack of 20 cigarettes. The excise tax rate on cigarettes is \$3.04 per pack.

Proposed Law: The bill would expand the definition of moist snuff to include any similar product containing nicotine that is intended to be placed or dipped in the mouth. The bill also adds moist snuff to the tobacco products definition.

REVENUE ANALYSIS DETAIL

- It is assumed that products similar to moist snuff containing synthetic nicotine, or nicotine derived from non-tobacco sources would be subject to tax.
- It is assumed that products made taxable by this proposal would be taxed in the same manner as moist snuff products.
- National sales information on oral nicotine products from the Federal Trade Commission was used.
- An annual growth rate of 10% is assumed.
- An elasticity factor of -0.6 was applied.
- The fiscal year 2025 estimates are adjusted for eleven months of collections.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>