

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 23, 2003

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3141 by Wilson (relating to stamping of cigarettes in interstate commerce.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 154 of the Tax Code, relating to the stamping of cigarettes in interstate commerce.

Under the bill, permitted businesses could not transport cigarettes from Texas for sale in another state without first affixing the tax stamps required by the state where they will be sold, or otherwise paying any excise taxes that the receiving state levies on those cigarettes. However, another state's tax stamps could not be affixed to those cigarettes if that state prohibited: (1) the stamping of those cigarettes, (2) the payment of any other excise tax on those cigarettes, or (3) the sale of those cigarettes.

Permitted businesses transporting cigarettes to other states would submit quarterly reports to the Attorney General's Office identifying the quantity, by brand style, of shipped cigarettes and the name and address of each recipient.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003.

The bill would affect cigarettes shipped from Texas to other states. These cigarettes are not taxable by Texas. Thus, there would be no fiscal impact on Texas revenue collections.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, JRO, WP, SD