

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 11, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3316 by Keffer, Jim (Relating to the cigarette tax and the tax on cigars and other tobacco products.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapters 154 and 155 of the Tax Code relating to the cigarette tax and the tax on cigars and other tobacco products. The bill would amend the definition of an "individual package of cigarettes" in Chapter 154 by increasing the number of cigarettes from 10 cigarettes to 20 cigarettes that constitute an individual package. The bill would add a new permit for tobacco manufacturers, with a fee of \$300 per year, which would be deposited to the General Revenue Fund. The bill would add the terms "manufacturer," "bonded agent," and "importer" to provisions related to offenses. The bill would require the Comptroller of Public Accounts' Office to provide written notice of a permit suspension or revocation to the holders of any permit described in the chapter.

According to the Comptroller, the definition change regarding the minimum number of cigarettes in a package is a clean-up measure with no fiscal impact; as under current law it is illegal to sell cigarettes in packages with fewer than 20 cigarettes. Currently, manufacturers are permitted, by rule by the Comptroller, with an associated fee of \$300 per year, and the bill would codify this practice with no fiscal impact.

The bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB