

## **BILL ANALYSIS**

C.S.H.B. 2599  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, chewing tobacco is defined in the Tax Code as a tobacco product, along with cigars, smoking tobacco, snuff, and an article or product that is made of tobacco or a tobacco substitute and that is not a cigarette.

C.S.H.B. 2599 defines chewing tobacco in the Tax Code and sets out a tax rate for the product.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2599 amends the Tax Code to define "chewing tobacco," for purposes of the state's tax on cigars and tobacco products, to mean any leaf tobacco that is not snuff and that is suitable for chewing, including Twist, plug, and scrap or that is not intended to be smoked. The bill redefines "tobacco product" by removing the specifications relating to chewing tobacco within that definition.

C.S.H.B. 2599 sets the tax rate for each can or package of a tobacco product other than cigars that is chewing tobacco at 80 cents per ounce and a proportionate rate on all fractional parts of an ounce and makes a conforming change. The bill excludes chewing tobacco from temporary provisions setting the tax rate for each can or package of a tobacco product at \$1.19 per ounce and a proportionate rate on all fractional parts of an ounce for the 2013 fiscal year and at \$1.16 per ounce and a proportionate rate on all fractional parts of an ounce for the 2012 fiscal year.

C.S.H.B. 2599 repeals Section 155.0211(b-3), Tax Code, the temporary provision setting the tax rate for each can or package of a tobacco product other than cigars at \$1.13 per ounce and a proportionate rate on all fractional parts of an ounce for the 2011 fiscal year.

### **EFFECTIVE DATE**

September 1, 2011.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 2599 contains provisions not included in the original setting the tax rate on a tobacco product other than cigars that is chewing tobacco at 80 cents per ounce and a proportionate rate on all fractional parts of an ounce and excluding chewing tobacco from temporary provisions setting the tax rate for a tobacco product other than cigars for the 2012 and 2013 fiscal years. The substitute contains a provision not included in the original repealing a temporary provision setting the tax rate for tobacco product other than cigars for the 2011 fiscal year.