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| BILL ANALYSIS |

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| S.B. 1390 |
| By: Hinojosa |
| Ways & Means |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE**  Interested parties see a need for certain changes to the law relating to taxes and fees imposed on cigarettes and other tobacco products. S.B. 1390 seeks to make those changes. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **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**  S.B. 1390 amends the Health and Safety Code to replace the requirement that the comptroller of public accounts compute the rate of the fee for certain cigarettes or cigarette tobacco products applicable during a calendar year by increasing the rate for the preceding calendar year by a certain amount with a requirement that the comptroller adjust the rate of the fee by increasing the rate in effect on the date the adjustment is made by that amount. The bill establishes that the adjusted rate takes effect on February 1 of the year in which the adjusted rate is determined and remains in effect until January 31 of the following year. The bill removes language subjecting the entitlement of a cigarette or cigarette tobacco product distributor who remits a monthly fee for certain non-settling manufacturer cigarettes and cigarette tobacco products to a stamping allowance to Tax Code provisions relating to the cigarette tax recovery trust fund.  S.B. 1390 amends the Tax Code to exempt from the cigarette tax cigarettes that are contained in a package labeled with wording indicating that the manufacturer intends for the product to be used exclusively for experimental purposes in compliance with federal regulations, sold directly by a manufacturer to a research facility in Texas, used by the research facility exclusively for experimental purposes, and not resold by the research facility. The bill exempts such cigarettes from statutory provisions relating to the required stamping of a package of cigarettes. The bill changes the filing deadline for a cigarette or tobacco product distributor's monthly report to the comptroller from the last day of each month to the 25th day of each month. |
| **EFFECTIVE DATE**  September 1, 2017. |