

SENATE AMENDMENTS

2nd Printing

By: Guerra

H.B. No. 3578

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the payment methods for cigarette and tobacco products
3 permit fees.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 154.1135(b), Tax Code, is amended to
6 read as follows:

7 (b) The payment must be made in cash or by money order, ~~[or]~~
8 check, or credit card.

9 SECTION 2. Section 155.050(b), Tax Code, is amended to read
10 as follows:

11 (b) The payment must be made in cash or by money order, ~~[or]~~
12 check, or credit card.

13 SECTION 3. This Act takes effect September 1, 2021.

ADOPTED

MAY 25 2021

FLOOR AMENDMENT NO. 1

Latey Spaw
Secretary of the Senate

BY: *Nathan D. ...*

1 Amend H.B. No. 3578 (senate committee printing) by adding the
2 following appropriately numbered SECTIONS to the bill and
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION ____ Subtitle G, Title 2, Health and Safety Code, is
5 amended by adding Chapter 147 to read as follows:

6 CHAPTER 147. E-CIGARETTE RETAILER PERMITS

7 SUBCHAPTER A. GENERAL PROVISIONS

8 Sec. 147.0001. DEFINITIONS. In this chapter:

9 (1) "Commercial business location" means the entire
10 premises occupied by a permit applicant or a person required to hold
11 a permit under this chapter.

12 (2) "E-cigarette" has the meaning assigned by Section
13 161.081.

14 (3) "E-cigarette retailer" means a person who engages
15 in the business of selling e-cigarettes to consumers, including a
16 person who sells e-cigarettes to consumers through a marketplace.

17 (4) "Marketplace" has the meaning assigned by Section
18 151.0242, Tax Code.

19 (5) "Permit holder" means a person who obtains a
20 permit under Section 147.0052.

21 (6) "Place of business" means:

22 (A) a commercial business location where
23 e-cigarettes are sold;

24 (B) a commercial business location where
25 e-cigarettes are kept for sale or consumption or otherwise stored;
26 or

27 (C) a vehicle from which e-cigarettes are sold.

28 Sec. 147.0002. INAPPLICABILITY TO CERTAIN PRODUCTS. This
29 chapter does not apply to a product described by Section 161.0815.

1 Sec. 147.0003. HEARINGS. Unless otherwise provided by this
2 chapter, the comptroller shall conduct all hearings required by
3 this chapter in accordance with Chapter 2001, Government Code. The
4 comptroller may designate one or more representatives to conduct
5 the hearings and may prescribe the rules of procedure governing the
6 hearings.

7 Sec. 147.0004. RULES. The comptroller may adopt rules to
8 implement this chapter, including rules exempting a person who
9 sells e-cigarettes to consumers through a marketplace from the
10 requirements of this chapter.

11 SUBCHAPTER B. PERMITS

12 Sec. 147.0051. E-CIGARETTE RETAILER PERMIT REQUIRED. (a)
13 A person may not engage in business as an e-cigarette retailer in
14 this state unless the person has been issued a permit from the
15 comptroller.

16 (b) An e-cigarette retailer shall obtain a permit for each
17 place of business owned or operated by the e-cigarette retailer.
18 The comptroller may not issue a permit for a place of business that
19 is a residence or a unit in a public storage facility.

20 (c) The comptroller shall prescribe the form and content of
21 an application for a permit and provide the form on request.

22 (d) The applicant shall accurately complete all information
23 required by the application and provide the comptroller with
24 additional information the comptroller considers necessary.

25 (e) Each applicant that applies for a permit to sell
26 e-cigarettes from a vehicle must provide the make, model, vehicle
27 identification number, registration number, and any other
28 information concerning the vehicle the comptroller requires.

29 (f) All financial information provided under this section
30 is confidential and not subject to Chapter 552, Government Code.

31 (g) Permits for engaging in business as an e-cigarette

1 retailer are governed exclusively by the provisions of this code.

2 Sec. 147.0052. ISSUANCE OF PERMIT. (a) The comptroller
3 shall issue a permit to an applicant if the comptroller:

4 (1) has received an application and fee;

5 (2) does not reject the application and deny the
6 permit under Section 147.0053; and

7 (3) determines that issuing the permit will not
8 jeopardize the administration and enforcement of this chapter.

9 (b) The permit shall be issued for a designated place of
10 business, except as provided by Section 147.0056.

11 (c) The permits are nonassignable.

12 (d) The permit must indicate the type of permit and
13 authorize the sale of e-cigarettes in this state. The permit must
14 show that it is revocable and shall be forfeited or suspended if the
15 conditions of issuance, provisions of this chapter, or rules of the
16 comptroller are violated.

17 Sec. 147.0053. DENIAL OF PERMIT. The comptroller may
18 reject an application and deny a permit if the comptroller finds,
19 after notice and opportunity for hearing, any of the following:

20 (1) the premises where business will be conducted are
21 not adequate to protect the e-cigarettes; or

22 (2) the applicant or managing employee, or if the
23 applicant is a corporation, an officer, director, manager, or any
24 stockholder who holds directly or through family or partner
25 relationship 10 percent or more of the corporation's stock, or, if
26 the applicant is a partnership, a partner or manager:

27 (A) has failed to disclose any information
28 required by Sections 147.0051(d) and (e); or

29 (B) has previously violated provisions of this
30 chapter.

31 Sec. 147.0054. PERMIT PERIOD; FEES. (a) A permit required

1 by this chapter expires on the last day of May of each even-numbered
2 year.

3 (b) An application for a permit required by this chapter
4 must be accompanied by a fee of:

5 (1) one-half of the amount of the fee for a retailer's
6 permit required by Section 154.111(b), Tax Code, if at the time of
7 application the applicant holds a valid retailer's permit under
8 Section 154.101, 154.102, or 155.041, Tax Code, for the same place
9 of business; or

10 (2) the amount of the fee for a retailer's permit
11 required by Section 154.111(b), Tax Code.

12 (c) For a new permit required by Section 147.0051, the
13 comptroller shall prorate the fee according to the number of months
14 remaining during the period that the permit is to be in effect.

15 (d) A person who does not obtain a renewal permit in a timely
16 manner must pay a late fee of \$50 in addition to the application fee
17 for the permit.

18 (e) If on the date of issuance a permit will expire within
19 three months, the comptroller may collect the prorated permit fee
20 or the fee for the current period and, with the consent of the
21 permit holder, may collect the fee for the next permit period and
22 issue a permit or permits for both periods, as applicable.

23 (f) A person issued a permit for a place of business that
24 permanently closes before the permit expiration date is not
25 entitled to a refund of the permit fee.

26 Sec. 147.0055. PAYMENT FOR PERMITS. (a) An applicant for a
27 permit required by Section 147.0051 shall send the required fee
28 with the application.

29 (b) The payment must be made in cash or by money order,
30 check, or credit card.

31 (c) The comptroller may not issue a permit in exchange for a

1 check until after the comptroller receives full payment on the
2 check.

3 Sec. 147.0056. DISPLAY OF PERMIT. (a) A permit holder
4 shall keep the permit on public display at the place of business for
5 which the permit was issued.

6 (b) A permit holder who has a permit assigned to a vehicle
7 shall post the permit in a conspicuous place on the vehicle.

8 Sec. 147.0057. REVENUE. Revenue from the sale of
9 e-cigarette retailer's permits shall be deposited as provided by
10 Section 161.0903 and may be appropriated only as provided by that
11 section.

12 SUBCHAPTER C. PERMIT SUSPENSION AND REVOCATION

13 Sec. 147.0101. FINAL SUSPENSION OR REVOCATION OF PERMIT.

14 (a) The comptroller may revoke or suspend a permit holder's permit
15 if the comptroller finds, after notice and hearing as provided by
16 this section, that the permit holder violated this chapter or a rule
17 adopted under this chapter.

18 (b) If the comptroller intends to suspend or revoke a
19 permit, the comptroller shall provide the permit holder with
20 written notice that includes a statement:

21 (1) of the reason for the intended revocation or
22 suspension;

23 (2) that the permit holder is entitled to a hearing by
24 the comptroller on the proposed suspension or revocation; and

25 (3) of the date, time, and place of the hearing.

26 (c) The comptroller shall deliver the written notice by
27 personal service or by mail to the permit holder's mailing address
28 as it appears in the comptroller's records. Service by mail is
29 complete when the notice is deposited with the United States Postal
30 Service.

31 (d) The comptroller shall give the permit holder notice

1 before the 10th day before the final hearing.

2 (e) A permit holder may appeal the comptroller's decision to
3 a district court in Travis County not later than the 30th day after
4 the date the comptroller's decision becomes final.

5 (f) A person whose permit is suspended or revoked may not
6 sell, offer for sale, or distribute e-cigarettes from the place of
7 business to which the permit applied until a new permit is granted
8 or the suspension is removed.

9 Sec. 147.0102. SUMMARY SUSPENSION OF PERMIT. (a) The
10 comptroller may suspend a permit holder's permit without notice or
11 a hearing for the permit holder's failure to comply with this
12 chapter or a rule adopted under this chapter if the permit holder's
13 continued operation constitutes an immediate and substantial
14 threat.

15 (b) If the comptroller summarily suspends a permit holder's
16 permit, proceedings for a preliminary hearing before the
17 comptroller or the comptroller's representative must be initiated
18 simultaneously with the summary suspension. The preliminary
19 hearing shall be set for a date not later than the 10th day after the
20 date of the summary suspension, unless the parties agree to a later
21 date.

22 (c) At the preliminary hearing, the permit holder must show
23 cause why the permit should not remain suspended pending a final
24 hearing on suspension or revocation.

25 (d) Chapter 2001, Government Code, does not apply to a
26 summary suspension under this section.

27 (e) To initiate a proceeding to suspend summarily a permit
28 holder's permit, the comptroller shall serve notice on the permit
29 holder informing the permit holder of the right to a preliminary
30 hearing before the comptroller or the comptroller's representative
31 and of the time and place of the preliminary hearing. The notice

1 must be personally served on the permit holder or an officer,
2 employee, or agent of the permit holder or sent by certified or
3 registered mail, return receipt requested, to the permit holder's
4 mailing address as it appears in the comptroller's records. The
5 notice must state the alleged violations that constitute the
6 grounds for summary suspension. The suspension is effective at the
7 time the notice is served. If notice is served in person, the
8 permit holder shall immediately surrender the permit to the
9 comptroller. If notice is served by mail, the permit holder shall
10 immediately return the permit to the comptroller.

11 (f) Section 147.0101, governing hearings for final
12 suspension or revocation of a permit under this chapter, governs a
13 final administrative hearing.

14 SUBCHAPTER D. PENALTIES

15 Sec. 147.0151. PENALTIES. (a) A person violates this
16 chapter if the person:

17 (1) engages in the business of an e-cigarette retailer
18 without a permit; or

19 (2) is a person who is subject to a provision of this
20 chapter or a rule adopted by the comptroller under this chapter and
21 who violates the provision or rule.

22 (b) A person who violates this section shall pay to the
23 state a penalty of not more than \$2,000 for each violation.

24 (c) Each day on which a violation occurs is a separate
25 violation.

26 (d) The attorney general shall bring suit to recover
27 penalties under this section.

28 (e) A suit under this section may be brought in Travis
29 County or another county having jurisdiction.

30 Sec. 147.0152. FAILURE TO HAVE PERMIT; OFFENSE. (a) A
31 person commits an offense if the person acts as an e-cigarette

1 retailer and:

2 (1) receives or possesses e-cigarettes without having
3 a permit;

4 (2) receives or possesses e-cigarettes without having
5 a permit posted where it can be easily seen by the public; or

6 (3) sells e-cigarettes without having a permit.

7 (b) An offense under this section is a Class A misdemeanor.

8 SECTION _____. Sections 161.081(1-a), (2), and (4), Health
9 and Safety Code, are amended to read as follows:

10 (1-a) (A) "E-cigarette" means:

11 (i) an electronic cigarette or any other
12 device that simulates smoking by using a mechanical heating
13 element, battery, or electronic circuit to deliver nicotine or
14 other substances to the individual inhaling from the device; or

15 (ii) a consumable liquid solution or other
16 material aerosolized or vaporized during the use of an electronic
17 cigarette or other device described by this subdivision.

18 (B) The term "e-cigarette" does not include a
19 prescription medical device unrelated to the cessation of smoking.

20 (C) The term "e-cigarette" includes:

21 (i) [~~A~~] a device described by this
22 subdivision regardless of whether the device is manufactured,
23 distributed, or sold as an e-cigarette, e-cigar, or e-pipe or under
24 another product name or description; and

25 (ii) [~~B~~] a component, part, or accessory
26 for the device, regardless of whether the component, part, or
27 accessory is sold separately from the device.

28 (2) "Permit holder" has the meaning assigned by
29 Section 147.0001 of this code or Section 154.001 or 155.001, Tax
30 Code, as applicable.

31 (4) "Retailer" means a person who engages in the

1 practice of selling cigarettes, e-cigarettes, or tobacco products
2 to consumers and includes the owner of a coin-operated cigarette,
3 e-cigarette, or tobacco product vending machine. The term includes
4 a retailer as ~~[that term is]~~ defined by Section 154.001 or 155.001,
5 Tax Code, and an e-cigarette retailer as defined by Section
6 147.0001 of this code, as applicable.

7 SECTION _____. Section 161.083(d), Health and Safety Code, is
8 amended to read as follows:

9 (d) Notwithstanding any other provision of law, a violation
10 of this section is not a violation of this subchapter for purposes
11 of Section 161.0901 ~~[154.1142 or 155.0592, Tax Code]~~.

12 SECTION _____. Subchapter H, Chapter 161, Health and Safety
13 Code, is amended by adding Sections 161.0901 and 161.0903 to read as
14 follows:

15 Sec. 161.0901. DISCIPLINARY ACTION AGAINST CIGARETTE,
16 E-CIGARETTE, AND TOBACCO PRODUCT RETAILERS. (a) A retailer is
17 subject to disciplinary action as provided by this section if an
18 agent or employee of the retailer commits an offense under this
19 subchapter.

20 (b) If the comptroller finds, after notice and an
21 opportunity for a hearing as provided by Chapter 2001, Government
22 Code, that a permit holder has violated this subchapter at a place
23 of business for which a permit is issued, the comptroller may
24 suspend the permit for that place of business and administratively
25 assess a fine as follows:

26 (1) for the first violation of this subchapter during
27 the 24-month period preceding the violation at that place of
28 business, the comptroller may require the permit holder to pay a
29 fine in an amount not to exceed \$1,000;

30 (2) for the second violation of this subchapter during
31 the 24-month period preceding the most recent violation at that

1 place of business, the comptroller may require the permit holder to
2 pay a fine in an amount not to exceed \$2,000; and

3 (3) for the third violation of this subchapter during
4 the 24-month period preceding the most recent violation at that
5 place of business, the comptroller may:

6 (A) require the permit holder to pay a fine in an
7 amount not to exceed \$3,000; and

8 (B) suspend the permit for that place of business
9 for not more than five days.

10 (c) Except as provided by Subsection (e), for the fourth or
11 a subsequent violation of this subchapter during the 24-month
12 period preceding the most recent violation at that place of
13 business, the comptroller shall revoke the permit issued under
14 Chapter 147 of this code or Chapter 154 or 155, Tax Code, as
15 applicable. If the permit holder does not hold a permit under
16 Chapter 147 of this code or Chapter 154 or 155, Tax Code, the
17 comptroller shall revoke the permit issued under Section 151.201,
18 Tax Code.

19 (d) A permit holder whose permit has been revoked under this
20 section may not apply for a permit for the same place of business
21 before the expiration of six months after the effective date of the
22 revocation.

23 (e) For purposes of this section, the comptroller may
24 suspend a permit for a place of business but may not revoke the
25 permit under Subsection (c) if the comptroller finds that:

26 (1) the permit holder has not violated this subchapter
27 more than seven times at the place of business in the 48-month
28 period preceding the violation in question;

29 (2) the permit holder requires its employees to attend
30 a comptroller-approved seller training program;

31 (3) the employees have actually attended a

1 comptroller-approved seller training program; and

2 (4) the permit holder has not directly or indirectly
3 encouraged the employees to violate the law.

4 (f) The comptroller may adopt rules to implement this
5 section.

6 Sec. 161.0903. USE OF CERTAIN REVENUE. Revenue from fees
7 collected under Section 161.123 and from the sale of permits under
8 Chapter 147 of this code, retailer permits under Chapter 154, Tax
9 Code, and retailer permits under Chapter 155, Tax Code, shall be
10 deposited in the general revenue fund and may be appropriated only
11 as provided by this section. The revenue shall be appropriated, in
12 order of priority, to:

13 (1) the comptroller for the purpose of administering
14 retailer permitting under Chapter 147 of this code and Chapters 154
15 and 155, Tax Code;

16 (2) the comptroller for the purpose of administering
17 and enforcing this subchapter and Subchapters K and N;

18 (3) the department for the purpose of administering
19 programs under Sections 161.253 and 161.301; and

20 (4) the appropriate entity for the purpose of
21 administering that entity's responsibilities under Section
22 161.302.

23 SECTION _____. Section 161.123(b), Health and Safety Code, is
24 amended to read as follows:

25 (b) The comptroller shall collect the fee [~~and deposit the~~
26 ~~money~~] as provided in this section.

27 SECTION _____. Section 111.00455(b), Tax Code, is amended to
28 read as follows:

29 (b) The following are not contested cases under Subsection
30 (a) and Section 2003.101, Government Code:

31 (1) a show cause hearing or any hearing not related to

1 the collection, receipt, administration, or enforcement of the
2 amount of a tax or fee imposed, or the penalty or interest
3 associated with that amount, except for a hearing under Section
4 151.157(f), 151.1575(c), or 151.712(g) of this code or Section
5 161.0901, Health and Safety Code~~[, 154.1142, or 155.0592]~~;

6 (2) a property value study hearing under Subchapter M,
7 Chapter 403, Government Code;

8 (3) a hearing in which the issue relates to:

9 (A) Chapters 72-75, Property Code;

10 (B) forfeiture of a right to do business;

11 (C) a certificate of authority;

12 (D) articles of incorporation;

13 (E) a penalty imposed under Section 151.703(d);

14 (F) the refusal or failure to settle under
15 Section 111.101; or

16 (G) a request for or revocation of an exemption
17 from taxation; and

18 (4) any other hearing not related to the collection,
19 receipt, administration, or enforcement of the amount of a tax or
20 fee imposed, or the penalty or interest associated with that
21 amount.

22 SECTION _____. Section 154.001, Tax Code, is amended by
23 amending Subdivisions (9), (14), and (19) and adding Subdivisions
24 (11-a) and (11-b) to read as follows:

25 (9) "First sale" means, except as otherwise provided
26 by this chapter:

27 (A) the first transfer of possession in
28 connection with a purchase, sale, or any exchange for value of
29 cigarettes in or into this state, which:

30 (i) includes the sale of cigarettes by:

31 (a) a distributor in or outside this

1 state to a distributor, wholesaler, or retailer in this state; and

2 (b) a manufacturer in this state who
3 transfers the cigarettes in this state; and

4 (ii) does not include:

5 (a) the sale of cigarettes by a
6 manufacturer outside this state to a distributor in this state;
7 ~~[or]~~

8 (b) the transfer of cigarettes from a
9 manufacturer outside this state to a bonded agent in this state;

10 (c) the sale of cigarettes by a
11 manufacturer, bonded agent, distributor, or importer to an
12 interstate warehouse in this state; or

13 (d) the transfer of cigarettes by an
14 interstate warehouse in an interstate warehouse transaction;

15 (B) the first use or consumption of cigarettes in
16 this state; or

17 (C) the loss of cigarettes in this state whether
18 through negligence, theft, or other unaccountable loss.

19 (11-a) "Interstate warehouse" means a person in this
20 state who receives unstamped cigarettes from a manufacturer, bonded
21 agent, distributor, or importer and stores the cigarettes
22 exclusively for an interstate warehouse transaction.

23 (11-b) "Interstate warehouse transaction" means the
24 sale or delivery of cigarettes from an interstate warehouse to a
25 person located in another state who is licensed or permitted by the
26 other state to affix that state's cigarette stamps or otherwise pay
27 the state's excise tax on cigarettes as required.

28 (14) "Permit holder" means a bonded agent, interstate
29 warehouse, distributor, wholesaler, manufacturer, importer, export
30 warehouse, or retailer who obtains a permit under Section 154.101.

31 (19) "Wholesaler" means a person, including a

1 manufacturer's representative, who sells or distributes cigarettes
2 in this state for resale but who is not a distributor or interstate
3 warehouse.

4 SECTION _____. Section 154.041, Tax Code, is amended by
5 adding Subsection (f) to read as follows:

6 (f) No stamp is required on the transfer of possession of
7 cigarettes described by Section 154.001(9)(A)(ii)(d).

8 SECTION _____. Section 154.101, Tax Code, is amended by
9 amending Subsections (a), (b), and (h) and adding Subsection (k) to
10 read as follows:

11 (a) A person may not engage in business as a distributor,
12 wholesaler, bonded agent, interstate warehouse, manufacturer,
13 export warehouse, importer, or retailer unless the person has
14 applied for and received the applicable permit from the
15 comptroller.

16 (b) Each distributor, wholesaler, bonded agent, interstate
17 warehouse, manufacturer, export warehouse, importer, or retailer
18 shall obtain a permit for each place of business owned or operated
19 by the distributor, wholesaler, bonded agent, interstate
20 warehouse, manufacturer, export warehouse, importer, or
21 retailer. The comptroller may not issue a permit for a place of
22 business that is a residence or a unit in a public storage facility.

23 (h) Permits for engaging in business as a distributor,
24 wholesaler, bonded agent, interstate warehouse, manufacturer,
25 export warehouse, importer, or retailer shall be governed
26 exclusively by the provisions of this code.

27 (k) A person may not hold a distributor's permit issued by
28 this state and an interstate warehouse's permit for the same
29 location.

30 SECTION _____. Section 154.1015, Tax Code, is amended by
31 amending Subsections (c), (d), (e), and (f) and adding Subsection

1 (j) to read as follows:

2 (c) A manufacturer outside this state who is not a permitted
3 distributor may sell cigarettes only to a permitted distributor or
4 permitted interstate warehouse.

5 (d) A permitted distributor may sell cigarettes only to a
6 permitted distributor, wholesaler, or retailer. A permitted
7 distributor who manufactures or produces cigarettes in this state
8 may sell those cigarettes to a permitted interstate warehouse.

9 (e) A permitted importer may sell cigarettes only to a
10 permitted interstate warehouse, distributor, wholesaler, or
11 retailer.

12 (f) A permitted wholesaler may sell cigarettes only to a
13 permitted interstate warehouse, distributor, wholesaler, or
14 retailer.

15 (j) A permitted interstate warehouse may sell cigarettes
16 only in an interstate warehouse transaction. An interstate
17 warehouse may not make an intrastate sale of cigarettes without
18 written authorization by the comptroller.

19 SECTION _____. Section 154.102(a), Tax Code, is amended to
20 read as follows:

21 (a) The comptroller may issue a combination permit for
22 cigarettes and tobacco products to a person who is a distributor,
23 wholesaler, bonded agent, interstate warehouse, manufacturer,
24 importer, or retailer as defined by this chapter and Chapter 155 for
25 both cigarettes and tobacco products. An interstate warehouse may
26 not hold a combination permit as a retailer of cigarettes or tobacco
27 products.

28 SECTION _____. Sections 154.110(a) and (d), Tax Code, are
29 amended to read as follows:

30 (a) The comptroller shall issue a permit to a distributor,
31 wholesaler, bonded agent, interstate warehouse, manufacturer,

1 export warehouse, importer, or retailer if the comptroller:

2 (1) has received an application and fee, if required;

3 (2) believes that the applicant has complied with
4 Section 154.101; and

5 (3) determines that issuing the permit will not
6 jeopardize the administration and enforcement of this chapter.

7 (d) The permit must indicate the type of permit that it is
8 and authorize the sale of cigarettes in this state, except as
9 provided by Section 154.1015(j). The permit must show that it is
10 revocable and shall be forfeited or suspended if the conditions of
11 issuance, provisions of this chapter, or rules of the comptroller
12 are violated.

13 SECTION _____. Section 154.111(b), Tax Code, is amended to
14 read as follows:

15 (b) An application for a permit required by this chapter
16 must be accompanied by a fee of:

17 (1) \$300 for a bonded agent's permit;

18 (1-a) \$300 for an interstate warehouse's permit;

19 (2) \$300 for a distributor's permit;

20 (3) \$200 for a wholesaler's permit;

21 (4) \$15 for each permit for a vehicle if the applicant
22 is also applying for a permit as a bonded agent, distributor, or
23 wholesaler or has received a current permit from the comptroller
24 under Sections 154.101 and 154.110; and

25 (5) \$180 for a retailer's permit.

26 SECTION _____. Sections 154.121(a) and (b), Tax Code, are
27 amended to read as follows:

28 (a) Except as provided by Subsection (b), revenue from the
29 sale of permits to distributors, wholesalers, ~~and~~ bonded agents,
30 and interstate warehouses is allocated in the same manner as other
31 revenue allocated by Subchapter J.

1 (b) Revenue from the sale of retailer's permits shall be
2 deposited as provided by Section 161.0903, Health and Safety Code,
3 ~~[to the general revenue fund]~~ and may be appropriated only as
4 provided by that ~~[this]~~ section. ~~[The money may be appropriated~~
5 ~~first to the comptroller for administration of licensing of~~
6 ~~retailers under this chapter or Chapter 155.]~~

7 SECTION _____. Section 154.152(c), Tax Code, is amended to
8 read as follows:

9 (c) A person may not transport or cause to be transported
10 from this state cigarettes for sale in another state without first
11 affixing to the cigarettes the stamp required by the state in which
12 the cigarettes are to be sold or paying any other excise tax on the
13 cigarettes imposed by the state in which the cigarettes are to be
14 sold. This subsection does not apply to the distribution, sale, or
15 transportation of cigarettes sold by an interstate warehouse in an
16 interstate warehouse transaction.

17 SECTION _____. Section 154.201, Tax Code, is amended to read
18 as follows:

19 Sec. 154.201. RECORD OF PURCHASE OR RECEIPT. Each
20 distributor, wholesaler, bonded agent, interstate warehouse, and
21 export warehouse shall keep records at each place of business of all
22 cigarettes purchased or received, including records of those
23 cigarettes for which no tax is due under federal law. Each
24 retailer shall keep records at a single commercial business
25 location, which the retailer shall designate as its principal place
26 of business in this state, of all cigarettes purchased and
27 received. These records must include:

28 (1) the name and address of the shipper or carrier and
29 the mode of transportation;

30 (2) all shipping records or copies of records,
31 including invoices, bills of lading, waybills, freight bills, and

1 express receipts;

2 (3) the date and the name of the place of origin of the
3 cigarette shipment;

4 (4) the date and the name of the place of arrival of
5 the cigarette shipment;

6 (5) a statement of the number, kind, and price paid for
7 cigarettes, including cigarettes in stamped and unstamped
8 packages;

9 (6) the name, address, permit number, and tax
10 identification number of the seller;

11 (7) in the case of a distributor, copies of the customs
12 certificates required by 19 U.S.C. Section 1681a(c), as amended,
13 for all cigarettes imported into the United States to which the
14 distributor has affixed a tax stamp; and

15 (8) any other information required by rules of the
16 comptroller.

17 SECTION _____. Section 154.203, Tax Code, is amended by
18 amending Subsection (a) and adding Subsection (c) to read as
19 follows:

20 (a) Each interstate warehouse, distributor, and wholesaler
21 shall keep at each place of business in this state records of each
22 sale, distribution, exchange, or use of cigarettes whether taxed
23 under this chapter or not. Each interstate warehouse, distributor,
24 and wholesaler shall prepare and retain an original invoice for
25 each transaction involving cigarettes. Each interstate warehouse,
26 distributor, or wholesaler shall keep any supporting
27 documentation, including bills of lading, showing shipment and
28 receipt used in preparing the invoices at the place of business of
29 the interstate warehouse, distributor, or wholesaler. The
30 interstate warehouse, distributor, or wholesaler shall prepare and
31 deliver a duplicate invoice to the purchaser.

1 (c) On request by the comptroller, an interstate warehouse
2 shall provide to the comptroller copies of periodic cigarette
3 reports filed with each state into which the interstate warehouse
4 sells cigarettes and copies of each report required under 15 U.S.C.
5 Section 376.

6 SECTION _____. Section 154.501(a), Tax Code, is amended to
7 read as follows:

8 (a) A person violates this chapter if the person:

9 (1) is a distributor, wholesaler, manufacturer,
10 export warehouse, importer, bonded agent, interstate warehouse,
11 manufacturer's representative, or retailer and fails to keep
12 records required by this chapter;

13 (2) engages in the business of a bonded agent,
14 interstate warehouse, distributor, wholesaler, manufacturer,
15 export warehouse, importer, or retailer without a valid permit;

16 (3) is a distributor, wholesaler, manufacturer,
17 export warehouse, importer, bonded agent, interstate warehouse, or
18 retailer and fails to make a report or makes a false or incomplete
19 report or application required by this chapter to the comptroller;
20 or

21 (4) is a person affected by this chapter and fails or
22 refuses to abide by or violates a provision of this chapter or a
23 rule adopted by the comptroller under this chapter.

24 SECTION _____. Section 154.503(a), Tax Code, is amended to
25 read as follows:

26 (a) Except as provided by Sections 154.026(b), 154.041(f),
27 and 154.042, a person commits an offense if the person possesses
28 unstamped cigarettes in quantities less than 10,000.

29 SECTION _____. Section 154.509, Tax Code, is amended to read
30 as follows:

31 Sec. 154.509. PERMITS. A person commits an offense if the

1 person acting:

2 (1) as a distributor, interstate warehouse,
3 wholesaler, or retailer, receives or possesses cigarettes without
4 having a valid permit;

5 (2) as a distributor, interstate warehouse,
6 wholesaler, or retailer, receives or possesses cigarettes without
7 having a permit posted where it can be easily seen by the public;

8 (3) as a distributor, interstate warehouse, or
9 wholesaler, does not deliver an invoice to the purchaser as
10 required by Section 154.203;

11 (4) as a distributor, interstate warehouse,
12 wholesaler, or retailer, sells cigarettes without having a valid
13 permit; or

14 (5) as a bonded agent, interstate warehouse, or export
15 warehouse, stores, distributes, or delivers cigarettes in
16 unstamped packages without having a valid permit, except as
17 provided by Section 154.041(f).

18 SECTION _____. Section 154.511, Tax Code, is amended to read
19 as follows:

20 Sec. 154.511. TRANSPORTATION OF CIGARETTES. A person,
21 other than a common carrier, commits an offense if the person:

22 (1) knowingly transports cigarettes without a stamp
23 affixed to each individual package, except as provided by Section
24 154.024(a) or 154.152(c);

25 (2) wilfully refuses to stop a motor vehicle operated
26 to transport cigarettes after a request to stop from an authorized
27 person; or

28 (3) while transporting cigarettes refuses to permit a
29 complete inspection of the cargo by an authorized person.

30 SECTION _____. Section 154.515(a), Tax Code, is amended to
31 read as follows:

1 (a) Except as provided by Sections 154.026(b), 154.041(f),
2 and 154.042, a person commits an offense if the person possesses
3 unstamped cigarettes in quantities of 10,000 or more.

4 SECTION _____. Section 155.001, Tax Code, is amended by
5 amending Subdivisions (8), (12), and (16) and adding Subdivisions
6 (9-a) and (9-b) to read as follows:

7 (8) "First sale" means, except as otherwise provided
8 by this chapter:

9 (A) the first transfer of possession in
10 connection with a purchase, sale, or any exchange for value of
11 tobacco products in or into this state, which:

12 (i) includes the sale of tobacco products
13 by:

14 (a) a distributor in or outside this
15 state to a distributor, wholesaler, or retailer in this state; and

16 (b) a manufacturer in this state who
17 transfers the tobacco products in this state; and

18 (ii) does not include:

19 (a) the sale of tobacco products by a
20 manufacturer outside this state to a distributor in this state;
21 [~~or~~]

22 (b) the transfer of tobacco products
23 from a manufacturer outside this state to a bonded agent in this
24 state; or

25 (c) the sale of tobacco products by a
26 manufacturer, bonded agent, distributor, or importer to an
27 interstate warehouse in this state;

28 (B) the first use or consumption of tobacco
29 products in this state; or

30 (C) the loss of tobacco products in this state
31 whether through negligence, theft, or other unaccountable loss.

1 (9-a) "Interstate warehouse" means a person in this
2 state who receives untaxed tobacco products from a manufacturer,
3 bonded agent, distributor, or importer and stores the tobacco
4 products exclusively for an interstate warehouse transaction.

5 (9-b) "Interstate warehouse transaction" means the
6 sale or delivery of tobacco products from an interstate warehouse
7 to a person located in another state who is licensed or permitted by
8 the other state to pay the state's excise tax on tobacco products as
9 required.

10 (12) "Permit holder" means a bonded agent, interstate
11 warehouse, distributor, wholesaler, manufacturer, importer, export
12 warehouse, or retailer who obtains a permit under Section 155.041.

13 (16) "Wholesaler" means a person, including a
14 manufacturer's representative, who sells or distributes tobacco
15 products in this state for resale but who is not a distributor or
16 interstate warehouse.

17 SECTION _____. Section 155.041, Tax Code, is amended by
18 amending Subsections (a), (b), and (h) and adding Subsection (i) to
19 read as follows:

20 (a) A person may not engage in business as a distributor,
21 wholesaler, bonded agent, interstate warehouse, manufacturer,
22 export warehouse, importer, or retailer unless the person has
23 applied for and received the applicable permit from the
24 comptroller.

25 (b) Each distributor, wholesaler, bonded agent, interstate
26 warehouse, manufacturer, export warehouse, importer, or retailer
27 shall obtain a permit for each place of business owned or operated
28 by the distributor, wholesaler, bonded agent, interstate
29 warehouse, manufacturer, export warehouse, importer, or retailer.

30 (h) Permits for engaging in business as a distributor,
31 wholesaler, bonded agent, interstate warehouse, manufacturer,

1 export warehouse, importer, or retailer shall be governed
2 exclusively by the provisions of this code.

3 (i) A person may not hold a distributor's permit issued by
4 this state and an interstate warehouse's permit for the same
5 location.

6 SECTION _____. Section 155.0415, Tax Code, is amended by
7 amending Subsections (c), (d), (e), and (f) and adding Subsection
8 (j) to read as follows:

9 (c) A manufacturer outside this state who is not a permitted
10 distributor may sell tobacco products only to a permitted
11 distributor or a permitted interstate warehouse.

12 (d) A permitted distributor may sell tobacco products only
13 to a permitted distributor, wholesaler, or retailer. A permitted
14 distributor who manufactures or produces tobacco products in this
15 state may sell those tobacco products to a permitted interstate
16 warehouse.

17 (e) A permitted importer may sell tobacco products only to a
18 permitted interstate warehouse, distributor, wholesaler, or
19 retailer.

20 (f) A permitted wholesaler may sell tobacco products only to
21 a permitted interstate warehouse, distributor, wholesaler, or
22 retailer.

23 (j) A permitted interstate warehouse may sell tobacco
24 products only in an interstate warehouse transaction. An
25 interstate warehouse may not make an intrastate sale of tobacco
26 products without written authorization by the comptroller.

27 SECTION _____. Sections 155.048(a) and (d), Tax Code, are
28 amended to read as follows:

29 (a) The comptroller shall issue a permit to a distributor,
30 wholesaler, bonded agent, interstate warehouse, manufacturer,
31 importer, or retailer if the comptroller:

1 (1) has received an application and fee, if required;
2 (2) does not reject the application and deny the
3 permit under Section 155.0481; and
4 (3) determines that issuing the permit will not
5 jeopardize the administration and enforcement of this chapter.

6 (d) The permit must indicate the type of permit that it is
7 and authorize the sale of tobacco products in this state, except as
8 provided by Section 155.0415(j). The permit must show that it is
9 revocable and shall be forfeited or suspended if the conditions of
10 issuance, provisions of this chapter, or rules of the comptroller
11 are violated.

12 SECTION _____. Section 155.049(b), Tax Code, is amended to
13 read as follows:

14 (b) An application for a permit required by this chapter
15 must be accompanied by a fee of:

- 16 (1) \$300 for a bonded agent's permit;
17 (1-a) \$300 for an interstate warehouse's permit;
18 (2) \$300 for a distributor's permit;
19 (3) \$200 for a wholesaler's permit;
20 (4) \$15 for each permit for a vehicle if the applicant
21 is also applying for a permit as a bonded agent, distributor, or
22 wholesaler or has received a current permit from the comptroller
23 under Sections 155.041 and 155.048; and
24 (5) \$180 for a retailer's permit.

25 SECTION _____. Sections 155.058(a) and (b), Tax Code, are
26 amended to read as follows:

27 (a) Except as provided by Subsection (b), revenue from the
28 sale of permits to distributors, wholesalers, ~~and~~ bonded agents,
29 and interstate warehouses is allocated in the same manner that
30 other revenue is allocated by Subchapter H.

31 (b) Revenue from the sale of retailer's permits shall be

1 deposited as provided by Section 161.0903, Health and Safety Code,
2 ~~[to the general revenue fund]~~ and may be appropriated only as
3 provided by that ~~[this]~~ section. ~~[The money may be appropriated~~
4 ~~first to the comptroller for administration of licensing of~~
5 ~~retailers under this chapter or Chapter 154.]~~

6 SECTION _____. Section 155.101, Tax Code, is amended to read
7 as follows:

8 Sec. 155.101. RECORD OF PURCHASE OR RECEIPT. Each
9 distributor, wholesaler, bonded agent, interstate warehouse, and
10 export warehouse shall keep records at each place of business of all
11 tobacco products purchased or received. Each retailer shall keep
12 records at a single commercial business location, which the
13 retailer shall designate as its principal place of business in the
14 state, of all tobacco products purchased and received. These
15 records must include ~~[the following, except that Subdivision (7)~~
16 ~~applies to distributors only and Subdivision (8) applies only to~~
17 ~~the purchase or receipt of tobacco products other than cigars]:~~

18 (1) the name and address of the shipper or carrier and
19 the mode of transportation;

20 (2) all shipping records or copies of records,
21 including invoices, bills of lading, waybills, freight bills, and
22 express receipts;

23 (3) the date and the name of the place of origin of the
24 tobacco product shipment;

25 (4) the date and the name of the place of arrival of
26 the tobacco product shipment;

27 (5) a statement of the number, kind, and price paid for
28 the tobacco products;

29 (6) the name, address, permit number, and tax
30 identification number of the seller;

31 (7) in the case of a distributor, the manufacturer's

1 list price for the tobacco products;

2 (8) for tobacco products other than cigars, the net
3 weight as listed by the manufacturer for each unit; and

4 (9) any other information required by rules of the
5 comptroller.

6 SECTION _____. Section 155.102, Tax Code, is amended by
7 amending Subsections (a) and (b) and adding Subsection (d) to read
8 as follows:

9 (a) Each interstate warehouse, distributor, and wholesaler
10 shall keep at each place of business in this state records of each
11 sale, distribution, exchange, or use of tobacco products whether
12 taxed under this chapter or not. Each interstate warehouse,
13 distributor, and wholesaler shall prepare and retain an original
14 invoice for each transaction involving tobacco products. Each
15 interstate warehouse, distributor, or wholesaler shall keep any
16 supporting documentation, including bills of lading, showing
17 shipment and receipt used in preparing the invoices at the place of
18 business of the interstate warehouse, distributor, or wholesaler.
19 The interstate warehouse, distributor, or wholesaler shall prepare
20 and deliver a duplicate invoice to the purchaser.

21 (b) The records for each sale, distribution, exchange, or
22 use of tobacco products must show:

23 (1) the purchaser's name and address, permit number,
24 or tax identification number;

25 (2) the method of delivery and the name of the common
26 carrier or other person delivering the tobacco products;

27 (3) the date, amount, and type of tobacco products
28 sold, distributed, exchanged, or used;

29 (4) the price received for the tobacco products;

30 (5) the number and kind of tobacco products on which
31 the tax has been paid; and

1 (6) for sales from a manufacturer to a distributor or
2 interstate warehouse, the manufacturer's list price for the tobacco
3 products.

4 (d) On request by the comptroller, an interstate warehouse
5 shall provide to the comptroller copies of periodic tobacco product
6 reports filed with each state into which the interstate warehouse
7 sells tobacco products and copies of each report required under 15
8 U.S.C. Section 376.

9 SECTION _____. Section 155.201(a), Tax Code, is amended to
10 read as follows:

11 (a) A person violates this chapter if the person:

12 (1) is a distributor, wholesaler, manufacturer,
13 export warehouse, importer, bonded agent, interstate warehouse,
14 manufacturer's representative, or retailer and fails to keep
15 records required by this chapter;

16 (2) engages in the business of a bonded agent,
17 interstate warehouse, distributor, wholesaler, manufacturer,
18 export warehouse, importer, or retailer without a valid permit;

19 (3) is a distributor, wholesaler, manufacturer,
20 export warehouse, importer, bonded agent, interstate warehouse, or
21 retailer and fails to make a report required by this chapter to the
22 comptroller or makes a false or incomplete report or application
23 required by this chapter to the comptroller; or

24 (4) is a person affected by this chapter and fails or
25 refuses to abide by or violates a provision of this chapter or a
26 rule adopted by the comptroller under this chapter.

27 SECTION _____. Section 155.207, Tax Code, is amended to read
28 as follows:

29 Sec. 155.207. PERMITS. A person commits an offense if the
30 person acting:

31 (1) as a distributor, interstate warehouse,

1 wholesaler, or retailer, receives or possesses tobacco products
2 without having a valid permit;

3 (2) as a distributor, interstate warehouse,
4 wholesaler, or retailer, receives or possesses tobacco products
5 without having a permit posted where it can be easily seen by the
6 public;

7 (3) as a distributor, interstate warehouse, or
8 wholesaler, does not deliver an invoice to the purchaser as
9 required by Section 155.102;

10 (4) as a distributor, interstate warehouse,
11 wholesaler, or retailer, sells tobacco products without having a
12 valid permit; or

13 (5) as a bonded agent, interstate warehouse, or
14 export warehouse, stores, distributes, or delivers tobacco
15 products on which the tax has not been paid without having a valid
16 permit.

17 SECTION _____. (a) Section 161.124, Health and Safety Code,
18 is repealed.

19 (b) The following provisions of the Tax Code are repealed:

20 (1) Section 154.1142;

21 (2) Section 154.1143;

22 (3) Sections 154.121(c), (d), and (e);

23 (4) Sections 155.058(c), (d), and (e);

24 (5) Section 155.0592; and

25 (6) Section 155.0593.

26 SECTION _____. Section 161.0901, Health and Safety Code, as
27 added by this Act, applies only to a violation that occurs on or
28 after the effective date of this Act. A violation that occurs
29 before the effective date of this Act is governed by the law in
30 effect on the date the violation occurred, and the former law is
31 continued in effect for that purpose.

1 SECTION _____. (a) Notwithstanding Sections 147.0051,
2 147.0151, and 147.0152, Health and Safety Code, as added by this
3 Act, a person is not required to hold a permit under Section
4 147.0051 to engage in business as a retailer of e-cigarettes in this
5 state until January 1, 2022.

6 (b) The comptroller of public accounts shall prescribe the
7 form and content of an application for a permit under Section
8 147.0051, Health and Safety Code, as added by this Act, and begin
9 accepting applications for the permit not later than October 1,
10 2021.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 27, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3578 by Guerra (Relating to the payment methods for cigarette and tobacco products permit fees.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for HB3578, As Passed 2nd House : a positive impact of \$900,500 through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	\$1,017,000
2023	(\$116,500)
2024	\$1,673,500
2025	(\$116,500)
2026	\$1,673,500

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	<i>Change in Number of State Employees from FY 2021</i>
2022	\$2,219,000	(\$1,202,000)	3.0
2023	\$46,000	(\$162,500)	3.0
2024	\$1,836,000	(\$162,500)	3.0
2025	\$46,000	(\$162,500)	3.0
2026	\$1,836,000	(\$162,500)	3.0

Fiscal Analysis

The bill would add Chapter 147 to the Health and Safety Code to create a new e-cigarette retailer permit. The new chapter would require a new e-cigarette retailer permit for any engaged in business as an e-cigarette retailer in Texas. The permit would function in a similar manner as the cigarette and tobacco retailer's permits under Chapters 154 and 155 of the Tax Code. The e-cigarette retailer permit would expire on the last day of May of even numbered years and a separate permit would be required for each business location. The fee for the permit would be \$90 for e-cigarette retailers already holding a cigarette or tobacco retailer's permit and \$180 for e-cigarette retailers that do not. A late fee of \$50 would be added to permittees who do not renew their permits in a timely manner. Revenue from the permit fee would be deposited to the credit of the General

Revenue Fund and appropriated in the same manner as that of cigarette and tobacco permit fees.

The bill would expand the definition of e-cigarette to include a consumable liquid solution or other material aerosolized or vaporized during the use of an electronic cigarette or similar device, regardless of whether the liquid or other material contains nicotine.

The Comptroller would be required to prescribe the form and content of the e-cigarette retailer permit application by October 1, 2021 and to begin accepting applications by that date. Retailers would not be required to hold the permit until January 1, 2022.

The bill would amend Chapters 154 and 155 of the Tax Code to create a new interstate warehouse's permit. The new permit would allow an interstate warehouse to receive untaxed tobacco products and store them exclusively for sale or delivery to licensed or permitted cigarette and tobacco taxpayers in another state. A permitted Texas distributor could not hold an interstate warehouse's permit at the same location where they hold a distributor's permit. An interstate warehouse permittee would be prohibited from intrastate sales of tobacco products without written authorization from the Comptroller. The fee for an interstate warehouse's permit would be \$300 and it would expire on the last day of February each year. The bill would also allow for credit card payments for the permit fees under Chapters 154 and 155 of the Tax Code.

The bill would make conforming changes to Chapter 111 of the Tax Code.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the general Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

This analysis assumes that 20,000 taxpayers already holding cigarette or tobacco retailer's permits and 200 taxpayers who do not have one of those permits would get the e-cigarette retailer permit. The holders of cigarette or tobacco retailer's permits would pay \$90 and the retailers who do not have one of those permits would pay \$180 every even-numbered year. Because the permits expire at the end of May of even-numbered years and the permit first would be required in January 2022, fiscal year 2022 would see additional revenue compared to future years as retailers would be paying the fee for a 5-month period by January 2022 and then the full 2-year permit by June 2022. For odd years, it is assumed that 5 percent of the taxpayer roster would turn over and prorated permit fees would be remitted.

The bill would add Section 161.0901 to the Health and Safety Code which would provide for higher fine amounts for certain violations than the fine amounts prescribed by Sections 154.1142 and 155.0592 of the Tax Code, which would be repealed. The amount of increased fine revenue is not expected to be significant.

The new interstate warehouse's permit would produce a small revenue gain but because there are expected to be few permittees, the revenue gains are not expected to be significant.

The Comptroller's office reports that the administrative costs to implement the provisions of the bill would total \$1.2 million in fiscal year 2022 and \$162,500 in each subsequent year. The cost include a one-time technology cost of \$1,039,500 and the funds necessary to hire three Taxpayer Compliance Officer IIs to handle the new permit type. The Comptroller's office indicates that two additional field collectors and one additional phone collector would be needed to address delinquencies and other enforcement activities.

Technology

The Comptroller's office reports a one-time technology cost of \$1,039,500 to build a new system for permitted persons to register as e-cigarette retailers.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, LBO, SD, BRI, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 17, 2021

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3578 by Guerra (Relating to the payment methods for cigarette and tobacco products permit fees.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapters 154 and 155 of the Tax Code, regarding the payment methods for cigarette and tobacco products permit fees, to expand the allowable payment methods for those fees to include credit cards.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 26, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3578 by Guerra (Relating to the payment methods for cigarette and tobacco products permit fees.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapters 154 and 155 of the Tax Code, regarding the payment methods for cigarette and tobacco products permit fees, to expand the allowable payment methods for those fees to include credit cards.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

87TH LEGISLATIVE REGULAR SESSION

March 31, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3578 by Guerra (Relating to the payment methods for cigarette and tobacco products permit fees.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source

Agencies:

LBB Staff: JMc, KK