



2023-2024 General Assembly

# HOUSE BILL 259: 2023 Appropriations Act, Sec. 42.18: Change Method of Taxing Snuff from Cost- Based to Weight-Based and Expand Base to Include Alternative Nicotine Products

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<b>Committee:</b>		<b>Date:</b>	November 29, 2023
<b>Introduced by:</b>		<b>Prepared by:</b>	Trina Griffin Staff Attorney
<b>Analysis of:</b>	Sec. 42.18 of S.L. 2023-134		

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**OVERVIEW:** Section 42.18 of S.L. 2023-134 modifies the way in which snuff is taxed from being cost-based to weight-based, and it expands the tax base to include alternative nicotine products.

*This section becomes effective July 1, 2025, for sales or purchases occurring on or after that date.*

**CURRENT LAW:** Under current law, "other tobacco products," (exclusive of cigarettes, cigars, and vapor products), are taxed at the rate of 12.8% of the cost price. The tax is typically collected at the wholesale level but may also be collected by remote sellers. This excise tax is in addition to the sales tax. At the federal level, smokeless tobacco products, which includes snuff, are taxed based on weight.

Alternative nicotine products, which are a relatively new product, are not currently subject to tax. They do not contain tobacco but contain natural or synthetic nicotine.

**BILL ANALYSIS:** This section changes the method for taxing snuff, defined as a tobacco product consisting of finely cut, ground, or powdered tobacco that is not intended to be smoked, from a cost-based method to a weight-based method at a rate of \$0.40 cents per ounce. It also adds alternative nicotine products to the tax base to be taxed at the rate of \$.10 per container containing up to 20 units, and \$.005 per unit for any amount in a container over 20 units.

**EFFECTIVE DATE:** This section becomes effective July 1, 2025, for sales or purchases occurring on or after that date.

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