

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

House Bill No. 671  
(list bill or resolution and number, if available, or subject  
Amentment to: \_\_\_\_\_  
(list bill or resolution and number)

REQUESTED BY: LRC DATE OF RECEIPT January 24 19 65

In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed attach a supplementary sheet. Please type.

**This Bill would produce a reduction in snuff revenue in the amount of \$20,479.00 for the next biennium.**

**SEE ATTACHED STATEMENT**

Date of preparation: January 28, 1965

Signed State Tax Commissioner  
By Kenneth M. Jakes  
**Kenneth M. Jakes**

This bill is primarily concerned with administrative changes. Other than that, this bill provides for a 10% snuff tax in lieu of the 2¢ a carton snuff tax imposed in the form of a stamp. The original bill would have placed the snuff with the 10% cigar and tobacco tax had the Legislative Research Committee not suggested that this bill be written to conform to the position of the Legislative Subcommittee on Taxation which suggested that the 10% cigar and tobacco tax be repealed. The imposition of this tax is based upon the manufacturer's price to the distributor rather than the distributor's sales price to the dealer.

The snuff tax revenue for the fiscal year 1963 was \$45,585.00, and for the year 1964, \$45,452.00. The gross collections for the fiscal years noted above, \$91,034.00, must be reduced by the discount of \$4,551.00 leaving a net collection of \$86,482.30 for the past biennium.

The present tax per sleeve at .02¢ per each eight cartons per sleeve totals .16¢ before the 5% discount. The wholesale price is reported to be \$1.16 per sleeve. At this price 11.6¢ per sleeve would be raised with the 10% tax. This would produce a reduction in the snuff revenue in the amount of \$20,479.00 per biennium.

The text of the snuff tax section of this bill is written with the provisions of the present 10% cigar and tobacco tax so that the new and changed provisions could be instituted should the legislature not desire to repeal the present tax on cigars and tobacco products. Many states classify cigars, snuff, and tobacco products all in one classification and tax the distributors on their invoice price rather than using the stamping procedure.

Although this bill does provide for consumer's use taxes on cigarettes and snuff purchases made out of North Dakota and subsequently used in our state, it is doubtful that the revenue from these provisions will exceed \$5,000 during this biennium.

This bill in no way increases or decreases the tax imposed on cigarettes. However, there is an error in the distribution section of the bill. This error provided that two mills be allocated to the cities and villages, rather than one mill as provided by the present statute. The proponents of this bill will introduce an amendment in committee to correct this defect.