



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-0842/P2
KP:skw&wlj

DOA:.....Martin, BB0054 - Little cigars

FOR 2023-2025 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

GENERAL TAXATION

Little cigars

This bill taxes little cigars at the same rate as the excise tax imposed on cigarettes. Under current law, all cigars are taxed at the rate of 71 percent of the manufacturer's established list price, limited to 50 cents per cigar. Under the bill, little cigars are taxed at the rate of 126 mills per little cigar, regardless of weight. The bill defines "little cigar" to mean a cigar that has an integrated cellulose acetate filter and is wrapped in any substance containing tobacco.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 139.44 (4) of the statutes is amended to read:

139.44 (4) Any person who refuses to permit the examination or inspection authorized in s. 139.39 (2) or 139.83 (1) may be fined not more than \$500 or

imprisoned not more than 90 days or both. Such refusal shall be cause for immediate suspension or revocation of permit by the secretary.

SECTION 2. 139.75 (1m) of the statutes is created to read:

139.75 (1m) “Cigar” means a roll, of any size or shape, of tobacco for smoking that is made wholly or in part of tobacco, regardless of whether the tobacco is pure, flavored, adulterated, or mixed with an ingredient, if the roll has a wrapper made wholly or in part of tobacco.

SECTION 3. 139.75 (4t) of the statutes is created to read:

139.75 (4t) “Little cigar” means a cigar that has an integrated cellulose acetate filter and is wrapped in a substance containing tobacco.

SECTION 4. 139.75 (12) of the statutes is amended to read:

139.75 (12) “Tobacco products” means cigars; little cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready-rubbed and other smoking tobacco; snuff, including moist snuff; snuff flour; cavendish; plug and twist tobacco; fine cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco and other kinds and forms of tobacco prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking; but “tobacco products” does not include cigarettes, as defined under s. 139.30 (1m).

SECTION 5. 139.76 (1) of the statutes is amended to read:

139.76 (1) An excise tax is imposed upon the sale, offering or exposing for sale, possession with intent to sell or removal for consumption or sale or other disposition for any purpose of tobacco products by any person engaged as a distributor of them at the rate, for tobacco products, not including moist snuff and vapor products, of 71 percent of the manufacturer’s established list price to ~~distributors without~~

~~diminution by volume or other discounts on domestic products and, for moist snuff, at the rate of 100 percent of the manufacturer's established list price to distributors without diminution by volume or other discounts on domestic products. The tax imposed under this subsection on cigars shall not exceed an amount equal to 50 cents for each cigar. On products imported from another country, not including moist snuff and vapor products, the rate of tax is 71 percent of the amount obtained by adding the manufacturer's list price to the federal tax, duties and transportation costs to the United States. On moist snuff imported from another country, the rate of the tax is 100 percent of the amount obtained by adding the manufacturer's list price to the federal tax, duties, and transportation costs to the United States. The tax attaches at the time the tobacco products are received by the distributor in this state. The tax shall be passed on to the ultimate consumer of the tobacco products. All tobacco products received in this state for sale or distribution within this state, except tobacco products actually sold as provided in sub. (2), shall be subject to such tax.~~

SECTION 6. 139.76 (1) of the statutes, as affected by 2023 Wisconsin Act (this act), is amended to read:

139.76 (1) An excise tax is imposed upon the sale, offering or exposing for sale, possession with intent to sell or removal for consumption or sale or other disposition for any purpose of tobacco products by any person engaged as a distributor of them at the rate, for tobacco products, not including moist snuff and vapor products little cigars, of 71 percent of the manufacturer's list price and, for moist snuff, at the rate of 100 percent of the manufacturer's list price. The tax imposed under this subsection on cigars, except little cigars, shall not exceed an amount equal to 50 cents for each cigar. The tax attaches at the time the tobacco products are received by the distributor in this state. The tax shall be passed on to the ultimate consumer of the

tobacco products. All tobacco products received in this state for sale or distribution within this state, except tobacco products actually sold as provided in sub. (2), shall be subject to such tax.

****NOTE: This is reconciled s. 139.76 (1). This SECTION has been affected by drafts with the following LRB numbers: -0842/P1, -0843/P1, and -1312/P1.

SECTION 7. 139.76 (1b) of the statutes is created to read:

139.76 (1b) The tax under sub. (1) is imposed on little cigars at the rate of 126 mills on each little cigar, regardless of weight. To evidence payment of the tax imposed under this section on little cigars, the department shall provide stamps. A person who has paid the tax shall affix stamps of the proper denomination to each package in which little cigars are packed, prior to the first sale within this state. Section 139.32 as it applies to the tax under s. 139.31 applies to the tax imposed under this section on little cigars.

SECTION 8. 139.78 (1) of the statutes is amended to read:

139.78 (1) A tax is imposed upon the use or storage by consumers of tobacco products in this state at the rate, for tobacco products, not including moist snuff and vapor products, of 71 percent of the ~~cost of the tobacco products~~ manufacturer's list price and, for moist snuff, at the rate of 100 percent of the manufacturer's established list price ~~to distributors without diminution by volume or other discounts on domestic products~~. The tax imposed under this subsection on cigars shall not exceed an amount equal to 50 cents for each cigar. The tax does not apply if the tax imposed by s. 139.76 (1) on the tobacco products has been paid or if the tobacco products are exempt from the tobacco products tax under s. 139.76 (2).

SECTION 9. 139.78 (1) of the statutes, as affected by 2023 Wisconsin Act (this act), is amended to read:

139.78 (1) A tax is imposed upon the use or storage by consumers of tobacco products in this state at the rate, for tobacco products, not including moist snuff and ~~vapor products~~ little cigars, of 71 percent of the manufacturer's list price and, for moist snuff, at the rate of 100 percent of the manufacturer's list price. The tax imposed under this subsection on cigars, except little cigars, shall not exceed an amount equal to 50 cents for each cigar. The tax does not apply if the tax imposed by s. 139.76 (1) on the tobacco products has been paid or if the tobacco products are exempt from the tobacco products tax under s. 139.76 (2).

***NOTE: This is reconciled s. 139.78 (1). This SECTION has been affected by drafts with the following LRB numbers: -0842/P1, -0843/P1, and -1312/P1.

SECTION 10. 139.78 (1b) of the statutes is created to read:

139.78 (1b) A tax is imposed and levied upon the use or storage of little cigars in this state by any person for any purpose. The tax is levied and shall be collected at the same rate as provided for in s. 139.76 (1b). The tax under this subsection does not apply if the tax imposed by s. 139.76 (1) has been paid or if the little cigars are exempt from tax under s. 139.76 (2).

SECTION 11. 139.83 of the statutes is renumbered 139.83 (1).

SECTION 12. 139.83 (2) of the statutes is created to read:

139.83 (2) Sections 139.315, 139.32, 139.321, 139.322, 139.34, 139.35, 139.36, 139.362, 139.363, 139.38, 139.395, 139.41, 139.42, 139.43, and 139.44 (8), as they apply to the taxes under subch. II, apply to the administration and enforcement of this subchapter for little cigars.

SECTION 9437. Effective dates; Revenue.

(1) LITTLE CIGARS. The treatment of ss. 139.44 (4), 139.75 (1m), (4t), and (12), 139.76 (1) (by SECTION 6) and (1b), and 139.78 (1) (by SECTION 9) and (1b), the

renumbering of s. 139.83, and the creation of s. 139.83 (2) take effect on the first day of the 3rd month beginning after publication.

****NOTE: This is a reconciled effective date provision. This SECTION has been affected by drafts with the following LRB numbers: -0842/P1, -0843/P1, and 1312/P1.

(END)