

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

18-2836

SB 409-FN, *relative to the taxation of moist snuff tobacco products.*

Senate Ways & Means

The proposed bill amends RSA 78 by taxing moist snuff at a rate of \$1.68 per ounce and a proportionate tax for any other quantity or fractional part thereof. Moist snuff is currently taxed under RSA 78:7-c as Other Tobacco Product (OTP) at a rate of 65.03% of the wholesale sales price.

The proposed bill adds ‘moist snuff’ to the definition of “Tobacco Products” and creates a definition of “Moist Snuff” within RSA 78:1. Consumer reporting and payment requirements are also amended by this proposed bill to include the proposed tax on moist snuff.

There is no way for the DRA to determine the fiscal impact of taxing moist snuff by weight instead of as a percentage of the wholesale sales price because the DRA does not have complete data on existing sales volumes by weight of moist snuff in NH.

Wholesalers who sell smokeless and loose tobacco in NH are required to file a monthly return that requires the wholesaler to report their sale, in dollars, of smokeless tobacco products sold or distributed in NH. NH does not currently breakdown taxpayer reporting on the various types of smokeless tobacco, which includes but is not limited to, moist snuff.

In FY17, \$13,921,193 in smokeless tobacco sales were reported in NH, resulting in \$9,052,952 in tobacco tax paid. This figure represents sales of moist snuff and all other forms of smokeless tobacco.

The proposed legislation could be administered by the DRA without any additional costs that could not be absorbed within our operating budget, however, the DRA would note that the proposed effective date of July 1, 2018 does not give the Department sufficient time to update all necessary tax return forms and electronic management systems related to this bill.